Association of Independent Retirees (A.I.R.) Limited
Queensland Division
ACN 102 164 385

2011 -2012
Pre-Budget Submission to Qld. Government

2nd December 2011

The Association of Independent Retirees (A.I.R.) is a national not for profit, non-political organisation that works to advance and protect the interests and independent lifestyle of Australians in or approaching retirement.

Association of Independent Retirees (AIR) Ltd.
ACN 102 164 385
Queensland Division

Division President : Max Barton 07 3203 0246
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2nd December 2011

Hon Andrew Fraser MP
Treasurer
Treasury Department
Queensland Government
GPO Box 611
BRISBANE Q 4001

Association of Independent Retirees (A.I.R.) 2011-2012 Pre Budget Submission

Dear Treasurer,

Please find attached Pre-Budget Recommendations outlining several issues affecting all fully and partly self funded retirees (SFRs) and their on-going economic and social contribution to the State. With changing economic conditions and amended government policy, many SFRs on fixed incomes are now experiencing difficult times.

The Recommendations contained in this Submission have been developed in consultation with A.I.R. members from the 15 A.I.R. branches established across Queensland. The approach taken by A.I.R. on issues affecting its members is to work with the respective government or agency rather than take a public confrontational stance. This has provided a mutually beneficial outcome to the resolution of issues.

A.I.R. is also well placed to inform and educate retirees about Government policies affecting their financial security. From this point of view A.I.R. would welcome the opportunity to participate in appropriate Government Consultative / Advisory Committees.

Should you require any further details in relation to the Recommendations contained herein or other matters please do not hesitate to contact me at any time.

Yours truly,

Max R. Barton
President
Queensland Division
Association of Independent Retirees Ltd.

Please address all correspondence in respect to this matter to:

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SUMMARY OF RECOMMENDATIONS

The recommendations of the Association of Independent Retirees (A.I.R.) Queensland Division contained in this submission are summarised hereunder.

Recommendation 1
The Queensland State Government Patient Travel Subsidy Scheme (PTSS) be amended to increase the subsidies payable under the scheme to reflect increased costs and travel distances patients now face under the Government's policy of centralisation of specialist health care services, particularly in regional Queensland;

Recommendation 2
The Queensland Government introduce an exemption from stamp duty for people over 65 who are downsizing accommodation for health, financial hardship or other reasons similar to the scheme operated by the New South Wales State Government.

Recommendation 3
The State Government lower the age for eligibility of the Queensland Seniors Card from 65 years to 60 years, making the eligibility consistent with the current conditions applying in all other states of Australia.

Recommendation 4
The State Government Pensioner Rate Subsidy Scheme be expanded to include holders of the Commonwealth Seniors Health Card.

Recommendation 5
The Queensland State Government support and make representations to the Federal Government for the establishment of a National Natural Disaster Fund to provide relief to private citizens affected by natural disasters.

INTRODUCTION

The Association of Independent Retirees (A.I.R.) was formed in 1990 as a not-for-profit, non-party political, volunteer organisation and has become the peak body representing the interests of retirees who are wholly or partly self funded in retirement. There are 71 A.I.R. branches across Australia. The Queensland Division of A.I.R. represents the 15 branches established across Queensland. A.I.R.'s members include fully self-funded retirees, part pensioners, and superannuants.

The primary objectives of the association are to:

- maintain and improve the standard of living, health and welfare of retired and partly retired people;
- research and gather information that assists members to maximise their life opportunities; and
- educate and inform the wider community (including political parties at all levels of Government) regarding the views and concerns of self-funded retirees.

For the purposes of discussion of the recommendations contained herein, the groups into which retirees fall can generally be described as follows:

TABLE 1 – Retiree Groups

GROUP	DESCRIPTION
A	Holders of: ➢ Blue Centrelink Pension Card ➢ Gold Veteran Affairs Card; or ➢ Blue Veteran Affairs Card; and in receipt of the maximum rate of concession
B	Holders of : ➢ Blue Centrelink Pension Card ➢ Gold Veteran Affairs Card; or ➢ Blue Veteran Affairs Card and in receipt of a partial rate of pension.
C	Self Funded Retirees who hold a Commonwealth Seniors Health Card (CSHC) and are totally self funded on a limited income.
D	Self Funded Retirees who <u>do not</u> hold a CSHC and are totally self funded generally on higher incomes.

The Commonwealth Government introduced the CSHC to relieve the health cost burden on retirees who are not concession card holders. To qualify for a CSHC, retirees are subject to a means test.

Along with other retirees, the CSHC holders (Group C) have suffered a similar diminished capacity to meet health, land rates and utility services due to the Global Financial Crisis (GFC) and disproportionate increases arising from privatisation and amalgamation issues.

In advancing the following issues, we are not only representing Queensland members of A.I.R. but all full and part self funded retirees (Group C & D) in Queensland. With the retirement of the post war baby boomers, there will be a significant increase in the numbers of retirees in Group C & D. Currently there are approx 192,000 Queenslanders aged between 60 and 65 years, many of whom will shortly become members of Groups C and D.

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JUSTIFICATION

The recommendations and rationale behind each are discussed in turn below.

Recommendation 1

The Queensland State Government Patient Travel Subsidy Scheme (PTSS) be amended to increase the subsidies payable under the scheme to reflect increased costs and travel distances patients now face under the Government's policy of centralisation of specialist health care services, particularly in regional Queensland;

Rationale

Under the current Patient Travel Subsidy Scheme (PTSS), travel and accommodation subsidies are paid to patients forced to seek specialist medical services that are not available within 50 kilometres of their nearest public hospital. When a patient requires physical support to obtain treatment, a subsidy may also be payable to an escort.

Travel costs are provided to a patient and escort for the actual cost of the least expensive form of public transport, or alternatively travel by private motor vehicle subsidised at 15 cents per kilometre.

Where treatment continues over more than one day, a subsidy is available for accommodation costs for a patient and escort of up to $30 per person per night for commercial accommodation.

To be eligible for the subsidies, patients must be a holder of a Queensland Pensioner Concession Card issued by Centrelink on behalf of the Department of Family and Community Services or the Department of Veteran Affairs.

The accommodation subsidy payable under the PTSS has not increased for 22 years while real costs have increased substantially in that time.

With the withdrawal and centralisation of specialist medical services, retiree patients residing in rural and regional Queensland now face additional travel and accommodation costs to obtain treatment.

The subsidy payable for travel and accommodation should be increased.

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Recommendation 2

The Queensland Government introduce an exemption from stamp duty for people over 65 who are downsizing accommodation for health, financial hardship or other reasons similar to the scheme operated by the New South Wales (NSW) State Government.

Rationale

State stamp duty was to be progressively removed following implementation of the Goods and Services Tax (GST).

With increases in land rates and utility services, retirees on fixed incomes are forced to downsize from the traditional family home and move to smaller domiciles usually in the form of home units or retirement villages. Health considerations and physical capacity are also factors that influence retirees to downsize.

The NSW government recently introduced stamp duty concessions for new homes along the following lines:

> *"Transfer duty concessions will be provided for the construction of new homes sold 'off-the-plan' between 1 July 2010 and 30 June 2012. Buyers of new dwellings costing up to $600,000 will receive a 25 per cent cut in normal duties, worth up to $5,623, if building has already started. Alternatively, buyers purchasing 'off-the-plan' – before construction is underway – will pay zero stamp duty. This concession is worth up to $22,490. The greater concession for purchasing 'off-the-plan' will assist the financing of new developments and help new home buyers.*
>
> *People aged over 65 selling an existing property and buying a newly constructed home costing up to $600,000 will pay zero transfer duty. This measure will contribute both to the goal of helping older home owners seeking to 'downsize' their home, and the goal of encouraging new home construction. The exemption will apply to sales between 1 July 2010 and 30 June 2012."*
>
> Source : Extract from NSW Budget 2010-11 – NSW Home Builder's Bonus

A similar scheme in Queensland would benefit retirees forced to downsize as well as stimulating the state housing construction industry.

By facilitating the easier transition of retirees into downsized accommodation a turnover of existing family homes would be available to younger families thereby easing the shortfall in housing availability and providing housing in established areas well serviced by existing infrastructure.

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JUSTIFICATION contd.

Recommendation 3

The State Government lower the age for eligibility for the Queensland Seniors Card from 65 years to 60 years making the eligibility consistent with the current conditions applying in all other states of Australia.

Rationale

The Seniors Card is *"a State Government Initiative in partnership with the private sector to encourage people who have retired, or who are working part time, to continue to engage with the community".* The service exists in all states and territories of Australia. The card allows retirees to access discounts from a wide range of businesses and State Government services.

But, the eligibility criteria for the Seniors Card in Queensland is different to all other states and territories.

Simply put, retirees in all states and territories apart from Queensland are able to apply for the Seniors Card at age 60, and gain access to business and state government service discounts and / or concessions. However in Queensland, retirees can apply for a "Seniors Business Discount Card" only at age 60. Queenslanders are not able to apply for the "Seniors Card" until they reach the age of 65, unless they also hold a Commonwealth concession card from Centrelink or the Department of Veterans Affairs.

This denies many Queensland retirees under the age of 65 years (approx 192,000 voters) access to any State Government concessions. The list of State Government concessions that Queensland retirees are prevented from accessing until age 65 is considerable.

In alphabetical order, these foregone concessions include:

- boat registration;
- bus travel;
- dental;
- ferry travel;
- motor vehicle registration;
- park entry;
- art gallery, museum and performing arts centres;
- rail travel;
- rail travel on the Great Southern Rail Service;
- reticulated natural gas rebate;
- spectacles supply; and
- state library special events.

Retirees in other states and territories can access their respective state government concessions at age 60 as well as the Queensland Government concessions.

Furthermore, because Queensland resident retirees (60 – 64 years) don't hold a Seniors Card, they are denied access to the reciprocal concession privileges when visiting interstate.

There is no logical argument to justify the current eligibility restrictions. Lowering the qualifying age to 60 years will remove the discrimination imposed on this group of Queensland retirees.

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JUSTIFICATION contd.

Recommendation 4

The State Government Pensioner Rate Subsidy Scheme be expanded to include holders of the Commonwealth Seniors Health Card.

Rationale

For retirees on a fixed income, the payment of land rates, health costs and utility service charges are the major cost items in a retiree's annual budget. With local government amalgamations, increased land values and changes to the method of land valuation assessment, local government land rates have escalated above the CPI over recent years. In many cases, this has forced retirees to dispose of the traditional family home and move to smaller domiciles.

Retirees within Groups A & B (refer Table 1) are entitled to assistance from the State Government Pensioner Rate Subsidy Scheme. The self funded retirees (SFRs) within Group C & D (refer Table 1) are excluded.

It is ironic that the Federal government has recognised the need for health care assistance to retirees within Group C by issuing the Commonwealth Seniors Health Card (CSHC) to SFRs and yet the State government ignores the plight of SFRs (Group C) by limiting the State Government Pensioner Rate Subsidy Scheme to Group A & B retirees only.

The State government should redress this inadequacy by moving to extend the eligibility of the State Government Pensioner Rate Subsidy Scheme to holders of the CSHC.

Recommendation 5

The Queensland State Government support and make representations to the Federal Government for the establishment of a National Natural Disaster Fund to provide relief to private citizens affected by natural disasters.

Rationale

On 14 November 2011, the Assistant Treasurer, Bill Shorten, released recommendations contained in the report of the Natural Disaster Insurance Review (NDIR).Mr Shorten said the recommendations "*are a good place to start in mitigating the risk of disasters and making sure everyone has the appropriate insurance arrangements to set them on the path towards recovery after disaster strikes*". Because of the narrow Terms of Reference applied to the NDIR panel, only floods and, to a lesser extent, storm surges and tsunamis, were considered. Other "natural disasters" were excluded from the review.

The foreshadowed changes to flood insurance are welcomed by our members. However, there is a feeling that further reforms are necessary to cover all 'natural disasters'. Accordingly, A.I.R. is proposing the establishment of a National Natural Disaster Fund.

Notwithstanding that the proposal is a Federal Government issue, the support and participation of the respective State Government is essential.

The intention of a proposed National Natural Disaster Fund is not to replace private insurance cover. It should take the form of a re-establishment assistance payment based on a percentage ceiling (less than 50% with a maximum limit) applied to the payment of property losses not cover by private insurance.

The support of the Queensland Government is requested.