



**independence
matters**

Australian
Independent Retirees

Australian Independent Retirees (A.I.R.) Limited

ACN: 102 164 385

VICTORIAN STATE DIVISION

2025 STATE PRE-BUDGET SUBMISSION

to the Victorian Government

Submitted December 2024.

AIR is a national not-for-profit, non-party-political organisation, formed in 1990.

Office bearers at all levels are volunteers.

Members are Australian residents who fully or partly self-fund their retirement. They have a wide range of views. However, they all expect Government policies affecting their retirement incomes and quality of life to be fair and non-discriminatory.

Escalating costs, tightening fiscal markets and low interest rates have impacted negatively on retirees, who often have limited opportunities to increase their income. Despite these factors, retirees continue to make a significant contribution to the nation as taxpayers, family supporters and interstate tourists.

The AIR Victorian State Division believes that it is essential for the Victorian Government to develop timely policies to cope with the economic impact of the demographic changes occurring in this state. Statistics indicate that the percentage of older people in the total population is gradually increasing.

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ISSUE 1: VICTORIAN PATIENT TRANSPORT ASSISTANCE SCHEME

Background: The Victorian Patient Transport Assistance Scheme (VPTAS) covers some travel and accommodation costs incurred by rural Victorians when they travel more than 100 kilometres one way for specialist medical treatment. To be eligible, patients must live in a designated rural area and not be undergoing clinical trials or accessing allied healthcare.

One of the ramifications of difficulties with the staffing of hospitals is the potential decrease in some services at country hospitals. As a consequence of this, patients are frequently required to travel long distances to a larger hospital for investigation and treatment which was originally available closer to home. This can prove to be distressing and tiring for those who may already be in poor physical condition. People with major medical concerns should desirably not have an additional financial stress.

In order to take advantage of VPTAS, the patient must be more than 100km from the required medical assistance and must have a vehicle that they can drive themselves. The alternative to self-drive is public transport which is frequently unavailable or inadequate for country residents. A further alternative, Red Cross's patient transfer service with volunteer drivers, is frequently unavailable, particularly during winter months when many volunteers head north to warmer climates.

Changes to patient transfer systems are essential. One solution could be to make tied grants to Red Cross to purchase additional vehicles and to provide payment to advertise for additional drivers.

Recommendations:

1. In view of the above facts, together with a recognition of the need for improved services, that a complete review be conducted of the patient transport system.
2. That the car travel subsidy be increased from 21 cents per kilometre to the rate used by the Australian Taxation Office for private motor vehicles.
3. That the accommodation subsidy be increased from \$45 per night per person to at least \$90.

ISSUE 2: LAND TAX

Background: As part of the 2023-24 State Budget, the Victorian Government introduced a COVID Debt Repayment Plan. This included "temporary changes" to land tax and payroll tax, which are legislated to apply until 30 June 2033. This change to land tax, together with the massive increases in the cost of probate, is of great concern to retirees.

Many retirees have invested in property under the previous tax regime and now find themselves with large tax bills because of large increases in property values, frequently making them asset-rich but cash-poor.

It could be suggested that they sell their investment property, but this would probably incur capital gains tax and they would no longer have a regular income from the rent. Another alternative could be to increase the rental charges to cover this new impost. However, the latter would be clearly against the interests of tenants at a time of cost of living increases. It would be much more equitable to widen the scope of the COVID Debt Repayment Plan to other services so that a greater percentage of the population contributes.

Recommendations:

1. That the present surcharge imposed on Land Tax as a COVID Debt Repayment plan be reduced.
2. That other Government services be asked to contribute to the COVID Debt repayment plan to replace the tax lost from Recommendation 1.

ISSUE 3: PROBATE FEES

Background: The recent announcement of a new fee structure for the submission of an Estate for Probate has alarmed self-funded retirees. The change in fee structure, in some instances by over 500%, is outrageous and bears no relation to changes in the cost of living or to the amount of work involved in providing the service.

The Supreme Court of Victoria should be financed as a service to the community, with users to pay only the cost of the work involved.

To claim that a “tiered fee structure is preferable to a fixed fee because the fee should be reflective of the private benefit that a court user gains from court services” is most inequitable. The fee structure should only reflect the amount of work involved in providing the service.

In some instances, particularly where an estate is asset-rich but cash-poor, it may be difficult for an executor to be able to fund the fees or even to refuse to become an executor because of the cost involved. To suggest that an executor could use a credit card to pay the fees is financially irresponsible, given the possible delay in granting probate and obtaining cash from the estate. Funding from the estate or paying after probate is granted should have been accepted.

Recommendations:

1. The Supreme Court of Victoria should be seen as a service to the community and therefore should be appropriately funded by the State Government.
2. The fee structure should reflect the amount of work involved and have NO relationship to the benefit to the estate.
3. The payment of fees should be delayed until after probate is granted.

ISSUE 4: MAINTENANCE OF VICTORIA'S ROADS

Background: Reportedly, Victoria has the highest density of roads in any state of Australia. Declared roads (freeways, arterial roads, certain non-arterial state roads and toll roads managed by other road agencies) make up about 15% of the state's roads, but carry most of Victoria's traffic. The remaining approximately 75% (around 150,000 kms.) are mostly local roads, managed by councils.

Maintenance is a critical part of Victoria's road network and is one of the functions undertaken by the Department of Network and Planning. However, many of Victoria's roads are in poor condition, due to a lack of maintenance. Experts agree that a growing number of trucks on our roads and more extreme weather events brought on by climate change are inflicting unprecedented damage to the state's roads, meaning that a substantial increase in maintenance is required. Recent reports suggested that almost 500 kilometres of state roads are in such poor condition that they require temporary speed limit reductions or other safety measures. Vehicles are suffering damaged & shredded tyres, smashed gearboxes and other damage from deep potholes. Instinctive swerving to avoid the latter can present drivers with potentially life-threatening situations. Potholes are particularly dangerous for motorcyclists. The Transport Department's annual report in 2023-24 commented that under 85% of metropolitan roads met the state government's standard for cracking.

It is noted that, in November 2024, the Allan government announced a \$964 million repair blitz to fix the cracks and potholes riddling the road network. While this is commendable, the chair of Engineers Australia's Transport Australia Society, Scott Elaurant, said that all state and federal governments had significantly under-spent on road maintenance for years. Elaurant also said that Australia was one of the biggest spenders on new road construction among OECD nations, but one of the lowest on maintenance.

Recommendation: Given the poor condition of many roads, particularly in regional areas, the Victorian Government needs to take the maintenance situation seriously to make the infrastructure more resilient to the various challenges. More work needs to be done to rectify the current problem situation and more resources allocated. The situation needs to be prioritised and treated with urgency. The safety of our population is paramount.