



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

SUBMISSION

TO

QUEENSLAND GOVERNMENT TREASURER

PRE-BUDGET SUBMISSION

2020

March 2020

The Association of Independent Retirees (AIR) 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.

INTRODUCTION

The Association of Independent Retirees (A.I.R.) Limited was formed in Queensland in 1990 and has become the peak body representing the interests of retirees who are wholly or partly self-funding in their retirement and for people who are about to retire. In recent times, all retirees have suffered a diminished capacity to meet health, local government rates and utility costs including electricity due to these disproportionate cost increases when compared with income returns from investments. Many formerly self-funded retirees are now part pensioners due to their diminishing assets and income. Their ability to increase their income has not changed without greater risk, especially given the current low interest environment and increasing world political and economic instability

The Government must understand that, with changing economic times and government policies, many retirees and particularly those on fixed incomes are experiencing very challenging times. In preparing this Submission, the Government's difficult fiscal circumstances have been recognised.

The principal matters are:

- (i) Cost of domestic electricity;
- (ii) Maintain Concession funding for Seniors; and
- (iii) Provide a reduction in stamp duty or concessions when Seniors downsize from their principal residence.

Other matters that should also be considered include:

- (iv) Ensure that the word AUSTRALIA features on all Birth, Death and Marriage certificates issued in Queensland.
- (v) Increase the Patient Travel Subsidy;
- (vi) Provide Seniors with the same Queensland Rail Travel Entitlements as Queensland Pensioners;
- (vii) Raising the \$20,000 income limit for not-for-profit associations in line with inflation.
- (viii) Legislate to exempt holders of 405 and 410 visas from the Additional Foreigner Acquirer Duty introduced in October 2017
- (ix) Lift the base value of commercial properties for Land Tax in line with inflation

By giving favourable consideration to these issues in your Budget deliberations, your Government would be providing much needed financial relief for retirees. The granting of these AIR requests would not have a major impact on the State Budget position. The issues detailed in this Submission have been developed in consultation with AIR members from across Queensland. In advancing the above-mentioned issues, AIR is representing all full and part self-funded retirees in Queensland.

The Australian Bureau of Statistics indicate that persons over 65 represent about 20 % of the population eligible to vote in Queensland. The majority of these would be retirees. In addition, there is another 15% in the 55 to 65 cohort that are either retired or considering retirement.

Should you require any further details in relation to this Submission or other matters, please do not hesitate to contact Bernard Treston (☎ 0424615083, E✉ bernardtreston@gmail.com) President, Queensland Division, Association of Independent Retirees (A.I.R.) Ltd.

DISCUSSION OF ISSUES

Reiterating, the three issues identified as of very high importance to retirees in Queensland relate to:

1. Cost of domestic electricity;
2. Maintain Concession funding for Seniors; and
3. Provide a reduction in stamp duty when Seniors downsize their principal residence.

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

ISSUES OF HIGH IMPORTANCE

ISSUE 1 — Cost of domestic electricity

Electricity costs need to be brought under control and reduced to manageable levels for home owners. Big increases in the cost of domestic electricity over recent years have been identified as a significant concern to retirees — particularly those on limited income from investments.

Rationale

It is important that the Qld Government takes a forceful stand not to be burdened with any flow on effects from policies of the other States which have produced unreliable supplies of power. The recommendations from the National Electricity Inquiry into power supplies across Australia need to be implemented.

Queenslanders now pay some of the highest electricity charges in the world. The supply of electricity was originally a service to the community but is now a money-making enterprise. This has got to change. Instead of using profits from the sale of electricity to industry, agriculture and households, charges need to be reduced for all.

To add insult to injury, households with solar panels are charged a “Solar Metering Service”. This is nothing more than a ploy to extract more money from consumers. All Seniors should be exempt from this. After all, they are trying to do the “right” thing for the environment.

Typical Electricity Charges

Date	Electricity Charge (kWh)	Supply Charge (day)	Solar Metering Service (day)
January 2015	\$0.2537	\$0.08341	
January 2020	\$0.321	\$0.99	\$0.06875

Significant increases in tariff and supply charges over the last couple of years are having impacts on people to meet the increased charges or do without the likes of air-conditioning during periods of extreme hot weather **as recently occurred**

The rapid improvement (and affordability) in solar battery storage technology over the next few years will see more and more households that have solar panels drop off the network due to the ever-increasing cost of grid electricity supply. This will then have a direct impact of the remaining

consumers through a predicted further increase in network charges as companies spread the costs over fewer consumers.

In view of the severe impact of the excessive increases in domestic tariff and supply costs, the entire generation, distribution and supply system is overdue for a major restructuring that is focused on lowering consumer costs and removing inefficiencies, “gold plating” and “price gouging” that has reportedly been occurring. **But, regional Queensland consumers have not seen any relief.**

ISSUE 2 — Maintain Concession funding for Seniors

Continue the existing level and eligibility for Concessions currently available to Seniors Card holders and Pensioners.

Rationale

AIR Queensland Division is appreciative that the Queensland Government was committed to the maintaining of Seniors’ Concessions. It is important that those Concessions are also agreed for the 2020-2021 fiscal year.

Cost of living increases have been so high in recent times that retirees on limited incomes are in no position to absorb increases and still maintain a reasonable lifestyle. Without the Concessions, many more will struggle to pay utility bills such as rates, water and electricity on time. The fallout is that the State Government should step in with some form of assistance. But more needs to be done, particularly providing bigger concessions on public transport for Senior Card holders.

ISSUE 3 — Provide a reduction in stamp duty when Seniors downsize their principal residence

Allow a reduction in the rate of transfer duty for retirees over 65 who are downsizing accommodation for health, financial hardship or other reasons.

Rationale

Stamp duty is paid when a property is purchased. The Queensland Government does offer some concessions when the residence being transferred is the principal residence. Even more generous concessions are offered to first home buyers.

State stamp duty was to be progressively removed following implementation of the Goods and Services Tax (GST). This has generally not occurred. In Tasmania a discount is applied for seniors downsizing their principal place of residence.

The Federal Coalition Government has taken the initiative by addressing downsizing with its implementation of a means of placing some of the proceeds into a superannuation fund.

With increases in local government rates, utility services and other costs of living, many retirees on limited incomes cannot continue to afford the cost of living in the family home. They have little choice but to downsize from the traditional family home and move to smaller domiciles often in the form of town houses, home units or retirement villages.

A major detractor to making the decision to downsize is the amount of stamp duty that people are obliged to pay to secure an alternate property, potentially reducing the financial benefits of moving.

Stamp duty can amount to a considerable sum when a retiree is buying into a retirement village or a smaller residence. If stamp duty was reduced (or preferably eliminated completely) for retirees downsizing, it would make the financial considerations of relocating somewhat easier. It would likely

stimulate the building of more retirement villages and similar group title properties that are suitable for retirees

OTHER ISSUES

Other issues are:

4. Providing the word AUSTRALIA on all Birth, Death and Marriage Certificates
5. Increase the Patient Travel Subsidy
6. Provide Seniors with the same Queensland Rail Travel Entitlements as Queensland Pensioners;
7. Raising the \$20,000 income limit for not-for-profit associations in line with inflation.
8. Legislate to exempt holders of 404 and 410 visas from the Additional Foreigner Acquirer Duty introduced in October 2017.
9. Lift the base figure for assessment of Stamp Duty on commercial property

ISSUE 4 –Providing the word “Australia” on Birth, Death and Marriage Certificates.

Rationale

It is surprising that these Certificates have not changed over the years. They are required for various purposes. Not only are they needed in Australia, but from time to time for proof overseas. It is difficult enough proving the information on these documents without having to prove that they are actually Australian records.

ISSUE 5— Increase the Patient Travel Subsidy for accommodation

The “commercial accommodation” component of the Patient Travel Subsidy Scheme remains at \$60 / person / night and is a definite assistance to patients but requires reviewing in line with current accommodation costs. No change is being advocated to the “private accommodation” subsidy.

Rationale

Country patients do not have the same access to medical services as those living in major cities. Accordingly, the Patient Travel Subsidy is intended to address the problem of country people having to travel large distances for medical specialist appointments and services.

As a direct result of being old, retirees generally require more specialist medical treatment. An increase in the commercial accommodation subsidiary would greatly assist in overcoming some of the huge cost imposed on country-based retirees having to seek medical assistance in major towns.

ISSUE 6 — Provide Seniors with the same Queensland Travel Entitlements as Queensland Pensioners

Extend the concession entitlements Queensland Rail (QR) provides to Queensland Pensioners to Queensland Seniors Card holders. Also introduce off peak substantial discounts better than the existing ones.

Rationale

QR provides a range of concession entitlements to Queensland Pensioners. Under the same scheme, Seniors Card holders receive a 50% reduction off the full adult rail fare only.

We request that Queensland Senior Card holders be allowed the same rail travel concessions as pensioners. In doing this, it would greatly encourage more non-pensioner retirees to utilize QR trains for travel and especially holiday purposes. Greater use of buses and fewer cars on the road could be achieved with special fares for Retirees and seniors-- as in Sydney.

The State Government may consider subsidizing local Councils to implement such a scheme.

As most retirees tend to holiday in non-school holiday periods, any such incentive to holiday in Queensland regional areas serviced by QR would be a definite assistance to the tourism industry at times when bookings are low

ISSUE 7 Raising the \$20,000 income limit for Level 3 not-for-profit associations in line with inflation.

Rationale

Financial reporting requirements for Incorporated non-for-profit associations needs updating. The current \$20,000 income rule has not been changed since 2007. Associations with incomes between \$20,000 and \$100,000 must have their Financial Statement verified by an approved Accountant or Auditor. Although this does not require a full audit it can incur a cost. If annual income is below \$20,000 the Association is responsible for its own Financial Statement and verification by the President and Treasurer is sufficient. This \$20,000 limit has not been increased in the past 12 years to cover inflation.

The costs of employing an auditor should not be imposed on groups with a turn-over of say less than \$50,000 per annum. For small Companies ASIC does not require an audit. "Small" for ASIC means having revenue below \$250,000 per annum.

ISSUE 8 Legislate to exempt holders of 405 and 410 Visas from the Additional Foreign Acquirer Duty introduced in October 2017

Rationale: When this measure was passed by the Government it failed to appreciate that the holders of 405 and 410 visas are in a separate category to more recent economic types of investors in this country. There are now about a total of 3,000 holders of 410 and 405 visas in Australia—probably no more than 1,000 in Queensland. They generally have come from English speaking countries and have under the terms of their visas had to invest substantial sums in Qld Government bonds—generally over \$250,000. In addition, they have purchased houses and other investments in Queensland, and pay rates and other local taxes such as GST. The legislation failed to show that they should have been exempt when it is intended to target substantial new money being brought in by the new wave of overseas investors.

ISSUE 9—Lifting the base rate for computation of Land Tax

Rationale—There has been a base rate set by Governments over the years. BUT while property prices have increased markedly over the years in Qld—and Australia the Government has failed to revise the base rate, and this has an impact particularly on retirees with investment properties.

CONCLUSION

The Queensland Division of the Association of Independent Retirees acknowledges that the issues raised may have some minor fiscal impact on the Queensland Government Budget.

However, there are also counter impacts that lead to Government savings in the longer term.

In the case of a stamp duty reduction, it would seem at first glance as a loss of revenue. However, the bigger picture is a stimulation of the building industry to provide the necessary accommodation as well as savings in new infrastructure costs as younger families move into inner suburban areas that are well serviced with transport and other amenities.

Due to no fault of their own, full and part self-funded retirees are suffering financially. Most of the blame for this is directed to tightening fiscal markets and low interest rates on deposits. The Queensland and local Governments have also directly contributed with service costs for everything from electricity, water and transport to utilities and rates escalating at much greater than the CPI at a time when investment returns are not keeping pace.

Full and part self-funded retirees need assistance given the current low interest environment and the increasingly uncertain world political situation.

Accordingly, the Association of Independent Retirees requests that these issues are given favourable consideration when Government prepares to introduce the 2020-2021 State Budget.

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