



Association of Independent Retirees (A.I.R.) Ltd.

ACN: 102 164 385

VICTORIAN STATE DIVISION

STATE PRE-BUDGET SUBMISSION

To the Victorian Government

2021

THE ASSOCIATION OF INDEPENDENT RETIREES (A.I.R.) Ltd.

- AIR is a national, not-for-profit, non-party political organisation formed in 1990.
- Members are Australian residents who intend to be or are fully or partly self-funded in retirement.

Members of AIR 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.

It is in the interests of both Federal and State Governments to adopt policies which provide incentives for all retirees to maintain a reasonable level of retirement income, to retain their independence, to contribute to the economic development of the nation and to avoid becoming a drain on the public purse.

Escalating costs, tightening fiscal markets, low interest rates and the COVID-19 pandemic 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, volunteers for not-for-profit organisations and interstate tourists.

AIR believes that it is essential for Governments to develop timely policies to cope with the economic impact of the demographic changes occurring in Australia. Statistics show that the percentage of older people in the total population are gradually increasing.

The Victorian State Division operates as the coordinating body for all Victorian Branches.

There are seven (7) Branches in Victoria

Albury/Wodonga; Goulburn Valley; Melbourne Eastern; Melbourne Southern; Swan Hill;
Warrnambool; Wimmera.

INDEX OF RECOMMENDATIONS 2021

1	That there should be free travel for all Seniors on trains, trams and buses permanently.
2	That holders of the Commonwealth Seniors Health Card Receive the same concessions as those holding Aged Pensioner Cards.
3	That any review of Land Tax and Stamp Duty on property purchases considers the unique issues faced by retirees.

1. That there should be free travel for all Seniors on trains, trams and buses permanently. At the moment, free travel occurs only at weekends.

Rational:

- (i) Free travel would assist all seniors who have lost income due to reductions in dividend payments and rents.
- (ii) Free travel would encourage more seniors to use public transport again. Many are still feeling uncomfortable using public transport for fear of COVID-19 . Using their cars as an alternative is causing unnecessary congestion on the roads. Also, many cannot afford the exorbitant parking fees in the city and suburbs, so they choose to remain at home and do nothing. Not good for their mental health.
- (iii) Free travel would encourage Seniors to visit the city again and in turn boost city businesses – cafes, theatres, etc.
Free travel in turn frees up their incomes for spending while they are out.
- (iv) Free travel would assist all seniors requiring transport to medical appointments which are generally on week days.

2. That holders of the Commonwealth Seniors Health Card Receive the same concessions as those holding Aged Pensioner Cards.

Rational:

- (i) Many seniors particularly those holding a Commonwealth Seniors Health Card are expressing difficulty in gaining an adequate income due to variations in the financial markets, reduced dividends and low interest rates. Some are receiving a lower income than those holding an Aged Pension Card.
- (ii) To maintain their income they must draw down on limited assets, steadily reducing their income generating ability.

3. That any review of Land Tax and Stamp Duty on property purchases considers the unique issues faced by retirees.

Rational:

- (i) NSW and the ACT have both addressed the difficulty that Stamp Duty imposes on their annual budgets and it is predicted that soon Victoria will face similar issues.
- (ii) The volatility of the housing market results in unpredictable revenue raising from Stamp Duty, while replacing Stamp Duty with an increased Land Tax will impose challenges to both home owner retirees and retirees who derive income as landlords.
- (iii) Removing Stamp Duty on home purchases would benefit retirees seeking to relocate into more appropriate housing, and thus should improve the availability of housing stock.
- (iv) Imposing an annual Land Tax on all homeowners would be an additional annual cost on retiree's somewhat fixed incomes.
- (v) Deferring annual Land Tax payments for retiree homeowners until a home is sold may be a useful strategy for Government to consider which could simplify any Grandfathering decisions.