**From:** Gino Iannazzo
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Submission by the Australian Pensioners Voice to the Australian Government Review into Retirement Incomes.

The Australian Pensioners Voice was established over 20 years ago to campaign on behalf of pensioners. We were involved in the campaign to increase the Age Pension in 2009-10, and successfully campaigned for the capping of Council rates in Victoria. We welcome this opportunity to comment on Retirement Incomes, which is an area of key concern for us.

First, it is high time the Australian Government, its agencies, and media and other commentators recognized that the Age Pension is a right, and not a charity or “welfare”. Unfortunately the history of taxpayers funding the Age Pension is not widely known, so we will outline it here.

On January 1 1946 then Prime Minister Ben Chiefly established the “National Welfare Fund”. It involved a 7.5% levy on all taxpayers and a purpose of the extra tax was to fund age pensions. Until 1950 it generated 100 million pounds.

In 1949 incoming Prime Minister Robert Menzies amended the legislation to pay the 7.5% tax directly into Consolidated Revenue. In 1985 the Labor Government repealed the National Welfare Fund legislation.

It is important to note, however, that the 7.5% additional tax levied by Ben Chiefly was not altered by these changes and continues to be collected to this very day. Working taxpayers have been contributing to their retirement for over 70 years.

Given this background, and for other public policy reasons, we hold the view that the Age Pension should be universal, and support the initiative of Labor Prime Minister Gough Whitlam, who in 1974/75 abolished the Income Test for all persons aged 70 years and over and paid the Age Pension to all over 70s.

We do not support the action of the Fraser Government in repealing this initiative, or that of the Hawke Government in adding an Assets Test to the Income Test. Neither of these changes have benefited pensioners, and they have failed to take into account the contributions made by pensioners during their working lives.

We recognise that reversing these changes would require substantial Budgetary change, and may be beyond the capacity of this review. Having said that, it might not be as difficult as many would believe. The Australian Government presently puts many billions of dollars into superannuation tax concessions. We understand that the cost of superannuation tax concessions now exceeds the entire cost of the Age Pension!

Withdrawing these concessions would free up large amounts of money which could go towards reducing and ultimately abolishing first the Assets Test, and ultimately the Income Test, and providing a universal Age Pension. It is our view that a Universal Age Pension would be both simpler and fairer than the current complicated superannuation arrangements, which benefit high wealth Australians rather than the nation.

In the meantime we wish to make three suggestions which we hope the Review will recommend to the Australian Government.

First, that there be no change to the existing exemption of the family home in the application of the Income and Assets Tests. We are aware of voices quietly urging that the home be included. For example, the Productivity Commission has stated that “Retirees would have a better quality of life if they sold their homes instead of relying on the age pension”.

With the greatest of respect, this is nonsense. Many pensioners have lived in their family home for decades. Their community roots and friendships with neighbors are important to them. To force them to pack up and move out is unfair and heartless. They did not ask for their land to increase in value; that has been the consequence of Government driven population growth. If pensioners can no longer afford to live in the homes they have made their own and lived in often all their lives, they are not better off than they used to be, they are worse off. Governments should be about making pensioners lives better, not worse. We will campaign against any proposals to include the family home in benefit calculations as energetically as we can.

Second, that the Government abolish the deeming rules on pensioner bank and other investments. It was never fair to pensioners to calculate their pension on their imaginary income rather than their actual income, and the current climate of very low interest rates has made this policy even less fair. Retirees are receiving next to nothing from their term deposits and the like. They should not be further disadvantaged by having the Government use “deeming” to chip away at their Pensions.

Third, that the Government consider making payments to Local Governments to enable them to provide Council rate relief for pensioners. We are more familiar with the Victorian history of rate relief than that of other States, and will set it out here. The Victorian Municipalities Assistance Act 1973 provided that pensioners could get rate relief of 50% on their Council rates. It applied to both full and part pensioners. This policy was in place throughout the 1970s and worked well.

In 1983 the concession was altered to become relief of 50% of the rates for an average house, and set at $135, based on average rates of $270. Unfortunately for ratepayers, rates have since skyrocketed, but the relief has not. By 2016 average rates had risen to over $2000, so if the relief had kept pace with the 50% benchmark it would have been over $1000. In fact it was $213, leaving pensioners over $800 per annum worse off. The position has deteriorated still further since then.

As we have indicated above, it is not fair that pensioners and retirees should be unable to live in their own homes in their twilight years. They should not be forced out through the burden of increasing rate payments, which is an onerous burden which State and local governments over the past 40 years have allowed to rise at an excessive rate. Pensioners are entitled to have the original intent of the Municipalities Assistance Act 1973 honoured. Otherwise we are forced to conclude that today's leaders and policy makers are either not as clever, or not as respectful of the elderly, as those of the 1970s.

We recognise that there would be a budgetary cost for such support. We suggest the Australian Government could redirect some of the large payments it presently makes to State and local governments for infrastructure spending. The only reason that large infrastructure spending is needed is because the Federal Government chooses to have a policy of high population growth. This is discretionary. There is no reason why the Government should continue to run a high population growth policy rather than look after its pensioners and retirees.

We hope this Submission is of assistance to you,

Yours sincerely

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