POSITIVE LIFE NSW SUBMISSION TO THE RETIREMENT INCOME REVIEW

PositiveLifeNSW
the voice of people with HIV since 1988

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POSITIVE LIFE NSW SUBMISSION TO THE RETIREMENT INCOME REVIEW SECRETARIAT

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INTRODUCTION

Positive Life NSW (Positive Life) welcomes the opportunity to provide a submission to the Retirement Income Review. Positive Life is the state-wide peer based non-profit organisation that speaks for and on behalf of people living with and affected by HIV (PLHIV) in NSW. We provide leadership and advocacy in advancing the human rights and quality of life of all PLHIV, and to change systems and practices that discriminate against PLHIV, our friends, family and carers in NSW.

BACKGROUND

On 27 September 2019, The Australian Government announced it had commissioned an independent review of the retirement income system ('the Review'). The Review is to consider the current state of the retirement income system and how it will perform in the future. The Commonwealth of Australia Treasury Retirement Income Review Consultation Paper ('the Consultation Paper') states that: *"it is important that the system allows Australians to achieve adequate retirement incomes, is fiscally sustainable and provides appropriate incentives for self-provision in retirement,"* and that *"it is ultimately up to the Australian community to make judgements about the merits of the various trade-offs."*[1]

THIS SUBMISSION

This submission will show that a substantial proportion of older Australian PLHIV are financially disadvantaged by Australia's retirement income system. Disadvantage extends across the three pillars: 1) the Aged Pension; 2) compulsory and voluntary superannuation contributions and savings; and 3) voluntary savings, including asset accumulation and home ownership. If PLHIV are to adequately provide for retirement, changes to the current retirement income system will be necessary. If this is not forthcoming, older Australian PLHIV will continue to be financially disadvantaged in retirement and live below the poverty line.

This submission takes a national approach and not a state approach, even though NSW has the highest number of PLHIV in Australia (44.4%). Achieving adequate retirement incomes will affect all Australian PLHIV at some point in time. Consequently, the research cited in the submission covers all Australian PLHIV and is not NSW centric. Data is primarily sourced from HIV Futures reports, published by La Trobe University, Australian Research Centre in Sex, Health and Society. HIV Futures is a study of quality of life among PLHIV in Australia, and forms part of a series of studies that have been running since 1997. In each iteration of the HIV Futures study, a cross sectional survey of the Australian population of PLHIV is conducted. Data were collected for HIV Futures 9 from December 2018 until May 2019. Participants completed a questionnaire using a self-complete online or hardcopy form. The survey instrument comprised 148 questions related to quality of life, financial security, health, wellbeing, treatment, support, sex, relationships, HIV-related stigma, and ageing.

PILLAR ONE - AUSTRALIAN AGED PENSIONS

The Age Pension in Australia is taxpayer funded and universal, subject to eligibility requirements based on age, residency, and means testing. The intent, as specified by the Treasury in the Consultation Paper, is a *"publicly funded safety net"* for people that would otherwise fall into poverty. The Consultation Paper outlines that: *"the Age Pension and Service Pension have high coverage (around 68 per cent of retirees), compared with around 30 per cent across Organisation for Economic Cooperation and Development (OECD) countries. However, it has a modest entitlement (relative to average earnings) compared to contributory social security schemes where benefits are linked to a proportion of pre-retirement earnings (CEPAR 2018a, pp. 1012). OECD analysis (2017, p. 143) shows that Australia's public expenditure on cash benefits for old-age pensions and survivor benefits as a percentage of GDP is lower than the OECD average."*

[1] Retirement Income Review Consultation Paper, November 2019

The Consultation Paper notes that: *"a replacement rate of between 60 per cent and 70 per cent of pre-retirement income is appropriate for most people."*[2] The Consultation Paper also quotes the OECD (2012, p. 161) suggesting a benchmark replacement rate of 70 per cent of pre-retirement income, while the Superannuation Charter Group (2013, p. 21) recommends a replacement rate of 60 per cent to 70 per cent, and Rice and Bonarius (2019, p. 18) suggest a benchmark of 75 per cent.[3] These rates are substantially higher than Australian age pensioners currently receive. The Australian Bureau of Statistics notes that the average weekly earnings for full-time adults in Australia in May 2019 was $1,634[4] ($84,968 per annum), which at 60% replacement rate would equate to $50,981. This is more than double the $24,268 Age Pension per annum received by an individual.

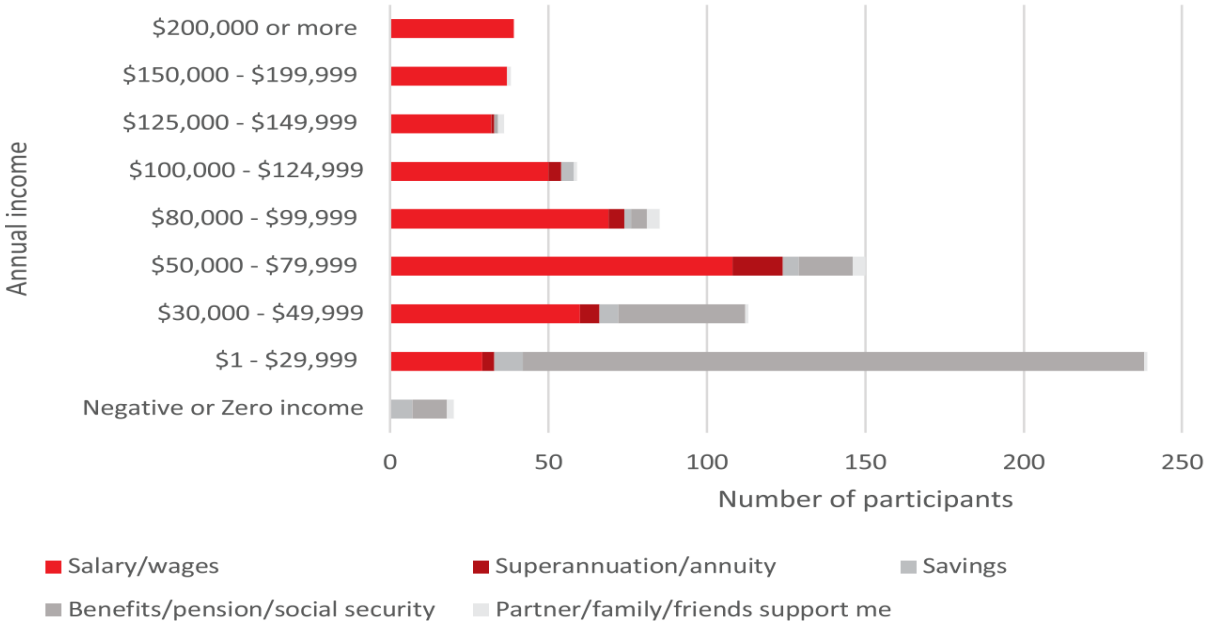
The Melbourne Institute: Applied Economic and Social Research, publishes poverty lines for Australian households. In the March Quarter of 2019, the poverty line for a single person (not employed) was set at $529.57 per week (including housing). This equates to an annual income of $27,537.64 per annum, more than the $24,268 per annum for an individual on the Australian Aged Pension. The Aged Pension is therefore a government payment whose threshold is below the poverty line and insufficient for Australians who rely on it as their sole income source which is the case for many older PLHIV. Australian research identifies that 35.3% of Australian PLHIV (2019) report their income source to be a Government benefit/pension/social security and 30.8% report their annual income to be less than $30,000.[5] While some of these PLHIV receive the Aged Pension, others receive the Disability Support Pension (DSP), which has a similar payment schedule. When they reach age 65 years, those on the DSP will transition onto the Aged Pension.

The numbers of PLHIV who are reliant on a government benefit is not small or insignificant. There were 25,490 PLHIV (diagnosed) in Australia in 2018, and this number is estimated to increase to 31,170 by 2025 and 34,990 by 2030.[6] This means there were 8,998 PLHIV in 2018 receiving a government benefit/pension/social security payment and this number will rise to 11,003 by 2025 and 12,352 by 2030. It can be seen from the figure on the following page titled 'Income source by PLHIV household', that a majority of PLHIV who are at the bottom of the household annual income scale ($1 to $29,999) report their income source as a government benefit/pension/social security.

In comparison, approximately 17.0% of Australians aged 18 to 64 years personally received income support payments from the Australian Government.[7] This shows that Australian PLHIV are much more reliant on government support payments than the general Australian community who enjoy higher employment rates.

[2] Retirement Income Review Consultation Paper, November 2019, p15
[3] Retirement Income Review Consultation Paper, November 2019
[4] Australian Bureau of Statistics, 'Average Weekly Earnings, Australia, May 2019', (2019), accessible at: https://www.abs.gov.au/ausstats/abs%40.nsf/mediareleasesbyCatalogue/030E8BEF4B0B915ECA2582EA00193B04?OpenDocument
[5] HIV Futures 9. Quality of life among people living with HIV in Australia (2019), p15, accessible at: https://www.latrobe.edu.au/__data/assets/pdf_file/0007/1058614/HIV-Futures-9.pdf
[6] Gray, R. 2019. Estimates from the current HIV cascade from each jurisdiction. Kirby Institute, University of NSW, Sydney Australia.
[7] HILDA Survey: Selected Findings, p49, accessible at: https://melbourneinstitute.unimelb.edu.au/__data/assets/pdf_file/0011/3127664/HILDA-Statistical-Report-2019.pdf

Income source by PLHIV household[8]



A significant and substantial number of Australian PLHIV, therefore live on incomes, provided by the Australian Government in the form of pensions, which are close to or below the poverty line. Many of these pensioners are older. The large proportion of Australian PLHIV receiving a government pension is primarily a legacy issue. PLHIV diagnosed prior to 1996 (when there was no effective treatment) went on to experience destruction of the immune system and the onset of opportunistic infections. Due to the impacts of ongoing poor health, many were forced to stop work and placed on the DSP. Even after the introduction of effective combination HIV treatment in 1996, some remained too physically and mentally unwell to return to the workforce. The combination of multiple chronic health conditions in addition to HIV has left them physically and mentally frail and incapable of ever being employed again.

Financial stress is another indicator of low and inadequate income and poverty. In 2016, nearly one third of PLHIV (31.0%) reported experiencing financial stress.[9] This was measured by assessing financial hardship within the preceding 12 months, including not being able to pay bills (electricity, gas and telephone), not being able to pay rent on time, going without meals, or needing to ask friends/family or services for financial assistance. As a point of comparison, the Household, Labour, Income Dynamics Australia (HILDA) survey (a representative survey of Australian households) found that 11.5% of participants in the survey were classified as experiencing financial stress between 2001 and 2017.[10] This is significantly lower than the 31.0% reported by Australian PLHIV.[11] Interestingly, PLHIV living in a regional or rural area, and women are more likely to report experiencing financial stress than other categories of PLHIV.

Conclusions - Reliance on the Age Pension and other pensions such as the DSP, relegates older PLHIV without savings or assets to living in poverty and financial stress. The current amounts paid to aged pensioners and recipients of the DSP are inadequate. The Age Pension and DSP should be increased

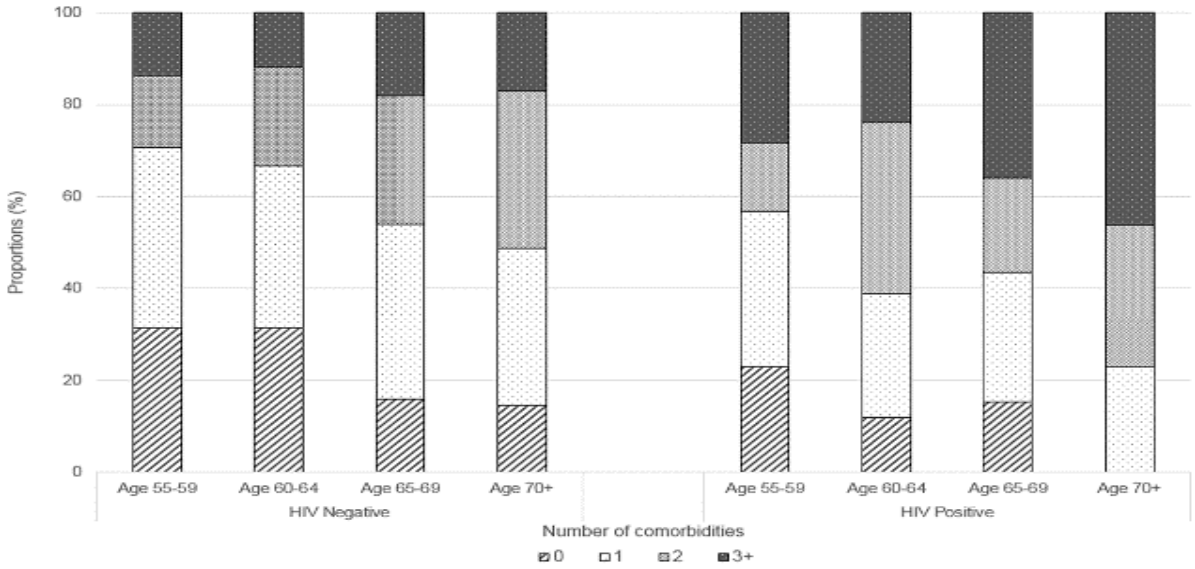
[8] La Trobe University, Australian Research Centre in Sex, Health and Society, HIV Futures 9, p15, accessible at: https://www.latrobe.edu.au/__data/assets/pdf_file/0007/1058614/HIV-Futures-9.pdf
[9] Ibid, p21
[10] HILDA Survey: Selected Findings, p42, accessible at: https://melbourneinstitute.unimelb.edu.au/__data/assets/pdf_file/0011/3127664/HILDA-Statistical-Report-2019.pdf
[11] Ibid

for both individuals and couples to more accurately reflect the cost of living in Australia in 2020, and this amount should be above the poverty line. In addition, the Age Pension and DSP should be indexed to wages rather than prices. This is because there is minimal growth in Australian wages while prices continue to rise. We understand that forward projections by economists predict this situation will continue for some time into the future.

FACTORS IMPACTING ON THE NEED FOR GOVERNMENT PENSIONS FOR PLHIV - OTHER THAN AGE

Multimorbidity – Comorbidity directly affects employment. Older PLHIV experience significant increased prevalence of comorbidity, when compared to people without HIV (i.e. the general Australian population). The Australian Positive and Peers Longevity Evaluation Study (APPLES) found that when compared to HIV-negative men of similar age, HIV-positive men aged 55 years and over reported an increased prevalence of morbidity including thrombosis, diabetes, heart disease, HIV-associated neuropathy, bone disease and non-AIDS related cancers.[12] They also experienced a significantly increased number of comorbidities. The figure below shows the proportion of HIV-positive and men (aged 55 years and over) with 0, 1, 2, and 3 or more comorbidities.

Proportion of HIV+/HIV- men (≥55years and older) with 0, 1, 2, or 3 or more comorbidities



HIV-positive men aged 55 years and over, experienced comorbidity at two to three times the rate of aged-matched HIV-negative men[13] and the general male population. These Australian findings are consistent with the international Comorbidity and Aging with HIV study (AGEhIV), one of the few other studies with appropriate age-matched HIV-negative controls. In the AGEhIV cohort, HIV-positive people experienced a significantly greater number of comorbidities compared to HIV-negative controls, as well as a significantly increased prevalence of myocardial infarction, peripheral arterial disease, impaired renal function, and osteoporosis.[14] The increased prevalence of traditional risk factors among HIV-positive populations (smoking, elevated lipids, hyperglycaemia, altered body

[12] Petoumenos, K, Huang, R, Hoy, J, Bloch, M, Templeton, DJ, Baker, D, et al. 2017. "Prevalence of self-reported comorbidities in HIV positive and HIV negative men who have sex with men over 55 years - The Australian Positive & Peers Longevity Evaluation Study (APPLES)"

[13] Ibid

[14] Schouten, J, Wit, FW, Stolte, IG, Kootstra, NA, van der Valk, M, Greerlings, SE, et al. 2014. "Cross-sectional comparison of the prevalence of age-associated comorbidities and their risk factors between HIV-infected and uninfected individuals: the AGEhIV cohort study." Clinical infectious diseases: an official publication of the Infectious Diseases Society of America 59(12): 1789-97

composition) significantly contributes to the increased risk for many non-communicable diseases.[15] However, the increased risk has also been shown to originate in long-term HIV infection and the daily medications used to treat HIV.[16]

Physical functional limitation – Physical functional limitation also directly affects employment and is directly associated with comorbidity. As with the general population, physical function in PLHIV declines with age, with younger PLHIV (aged less than 55 years) having significantly higher levels of physical function than those aged 55 years and over. There is however, no significant difference in the physical functioning of those aged 55-64 years and those aged 65 years and over, although those aged 65 years and over are more likely to report that their physical condition makes it more difficult to perform activities of daily living.[17]

13.0% of HIV-positive men aged 55 years and over have been found to have severe physical limitation, and nearly a quarter (23.8%) have moderate to severe physical limitation. Physical functional limitation was assessed as the extent to which PLHIV's health, limited their ability to perform daily activities such as:

- Lifting and carrying groceries
- Climbing one/several flights of stairs
- Bending, kneeling or stooping
- Walking various distances
- Bathing or dressing oneself

Whether HIV infection accelerates or accentuates ageing, has long been debated. The answer to the question is complicated and possibly organ and disease/condition specific and therefore individual. For many biological processes in PLHIV, there appears to be a pattern of accelerated ageing. This is most clear in the immune system where ongoing immune activation strongly suggests accelerated immune senescence. It is also clear that the development of specific geriatric syndromes is hastened in those with HIV (comorbidity, frailty, and polypharmacy). In specific diseases, it is less clear, but many illnesses appear to be accentuated rather than accelerated. Cardiovascular disease, diabetes, and several other conditions are more prevalent at all ages in those with HIV, suggesting there is an extra 'hit' by HIV and HIV treatment, that is accentuating ageing.[18]

Conclusions – Older PLHIV (55 year and older) experience much higher rates of comorbidity and associated physical functional limitation than the general community. Rates of physical functional limitation have been shown to be similar in PLHIV over the age of 65 years and in PLHIV aged 50-64 years. Morbidity and physical functional limitation directly affect PLHIV's ability to work and the need for income from the Commonwealth. Many of these PLHIV are unlikely to ever work again and are often placed on Newstart (a payment even lower than the DSP). We consider that eligibility for the Disability Support Pension/Aged Pension should be reviewed and adjusted so that PLHIV (aged 50-64 years) who are experiencing significant comorbidity and physical functional impairment, can be assessed and provided with an income source to compensate for unlikely employment prospects.

PILLAR TWO - SUPERANNUATION

The compulsory superannuation scheme has not benefited Australian PLHIV either. This is primarily because Australian PLHIV report substantially lower or interrupted employment rates. Consequently,

[15] Schouten, JW, Stolte, FW, van der Valk, IG, de wolf, SE, Prins, F, Reiss, M. 2012. "Comorbidity and ageing in HIV-infection: the AGEhIV Cohort Study." XIX International AIDS Conference. Washington, DC. Abstract THAB02052012
[16] Ibid
[17] Power, J, Thorpe, R, Lyons, A, Dowsett, GW, Lucke, J. 2016. HIV Futures 8, Health and wellbeing of people living with HIV, Melbourne
[18] Pathai, S, Bajillan, H, Landay, AL, High, KP. 2013. "Is HIV a Model of Accelerated or Accentuated Aging?" Journal of Gerontology: Medical Sciences

compulsory superannuation contributions for most Australian PLHIV are lower than the general community. In 2019, only 50.6% of PLHIV were employed, 41.5% worked full-time (30+ hours per week, including those who were self-employed) and a further 9.1% worked part-time (less than 30 hours per week).[19] Most of these PLHIV were younger.[20] The other half (50.6%) were either unemployed or retired and receiving a government benefit and unlikely to be able to contribute to voluntary superannuation savings.

By comparison in 2017 in the general Australian population, 81.9% of men and 71.4% of women were employed, with 68.1% of men and 39.2% of women employed full-time.[21] In addition, 13.7% of men (2017) and 32.1% of women were employed part-time.[22]

The employment rates for Australian PLHIV have not substantially changed in the past decade, despite improvements in the clinical management of HIV and its treatment. For example, in 2009, 37.4% of PLHIV worked full-time and 17.3% worked part-time.[23] The impacts of HIV and other chronic physical and mental health conditions means that many PLHIV will never return to the workforce and will not benefit from compulsory superannuation contributions from employers, nor from the ability to make voluntary contributions. Even those who have returned to the workforce often work part-time, or have periods of interrupted or intermittent employment, due to the impacts of poor physical and mental health. Consequently, very few PLHIV report superannuation as their main source of income. In 2019 only 4.5% reported their source of annual household income to be superannuation.[24]

The other reason why Australian PLHIV have not benefited from compulsory superannuation savings is that even for those who are employed, they generally do not earn high incomes. Employer paid superannuation contributions are therefore relatively meagre. If we examine the annual household income of Australian PLHIV, nearly a third (30.8%) report annual incomes less than $30,000 per annum. A third (33.4%) report incomes between $30,000 to $79,999, and the other third (33.2%) earn more than $80,000 per annum.[25] The table below shows annual household income for Australian PLHIV. The sad reality is that two thirds (66.7%) of Australian PLHIV live on an income which is below the average weekly earnings for full-time adults in Australia (May 2019). By comparison, the mean household annual disposable income for Australians in 2017, was $93,334.[26]

[19] La Trobe University, Australian Research Centre in Sex, Health and Society, HIV Futures 9, (2019), p14, accessible at: https://www.latrobe.edu.au/__data/assets/pdf_file/0007/1058614/HIV-Futures-9.pdf
[20] Ibid, p14
[21] HILDA Survey: Selected Findings, p57, accessible at: https://melbourneinstitute.unimelb.edu.au/__data/assets/pdf_file/0011/3127664/HILDA-Statistical-Report-2019.pdf
[22] Ibid
[23] La Trobe University, Australian Research Centre in Sex, Health and Society, HIV Futures 6, (2009), p49, accessible at: https://www.researchgate.net/publication/257811360_HIV_Futures_6_Making_Positive_Lives_Count
[24] Ibid, p15
[25] Ibid, p15
[26] HILDA Survey: Selected Findings, p30, accessible at: https://melbourneinstitute.unimelb.edu.au/__data/assets/pdf_file/0011/3127664/HILDA-Statistical-Report-2019.pdf

Annual household income for Australian PLHIV

	Frequency (n)	Percent (%)
Negative or zero income	20	2.5
$1 - $29,999	243	30.8
$30,000 - $49,999	114	14.4
$50,000 - $79,999	150	19.0
$80,000 - $99,999	86	10.9
$100,000 - $124,999	59	7.5
$125,000 - $149,999	38	4.8
$150,000 - $199,999	39	4.9
$200,000 or more	40	5.1
Total	789	100

Tax concessions provided for compulsory superannuation contributions are another form of public funding for retirement incomes in addition to the Age Pension. Both are funded through the federal budget and paid for by working Australians. These tax concessions are in the opinion of Positive Life, disproportionate and overwhelmingly favour high-income earners and those with significant capital wealth to take advantage of the flat rate of 15 per cent tax on contributions and earnings. There is no cap on the lifetime value of taxpayer support for superannuation contributions, whereas the Age Pension is capped at just below $24,300 for individuals per year.

The Consultation Paper admits that despite efforts to reduce the tax concession gap between low and high income earners and Age Pension means testing, *"modelling suggests that over a lifetime, more public support may be provided to those in higher income brackets".*[27] Indeed, the system is functioning in such a way that high income earners in Australia receive tens of thousands of dollars each year from other taxpayers, while low-income earners can potentially receive no financial boost from taxpayers during their working careers. As the Chief Economist at the Australian Institute, Richard Denniss notes*: "in Australia, taxpayers contribute 10 times as much money to the superannuation accounts of the people in the richest 1%, then they contribute to the people in the poorest 10% of workers. Put another way, over the course of their lives, those Australians lucky enough to be in the top 1% of income earners will receive over $700,000 in taxpayer contributions to their personal superannuation account, while those in the bottom 10% will receive less than $50,000."*[28]

Additionally, earnings from superannuation are also taxed at the flat 15% rate, rather than the marginal income tax rate. The system taxes an individual with earnings of millions of dollars at far less than their marginal tax rate, and the earnings of an individual with a marginal tax rate of zero at far above their marginal rate. This goes against the purported aims of the retirement income system and the bedrock of Australian values. It is further amplifying inequality in Australia, is flipping the pursuit of equity on its head, and needs to be rectified. The sustainability of higher Age Pension payments and larger superannuation tax concessions for low income earners will be achieved by significantly reducing the superannuation tax concessions for high income earners.

[27] Retirement Income Review Consultation Paper, November 2019

[28] Richard Denniss. (2019). How Australia's superannuation system steals from the poor to give to the rich. *The Guardian,* accessible at: https://www.theguardian.com/commentisfree/2019/nov/27/how-australias-superannuation-system-steals-from-the-poor-to-give-to-the-rich?fbclid=IwAR0WrsSgMgjtrAwbkCkpZFpZlztsS6zZaDthMO54yHFgIppJmlhGydrHVGc

Positive Life believes that to rectify this inequity in the retirement income system, and particularly in the superannuation pillar of the system, the tax concessions need to be capped for high income earners and boosted for lower income earners.

Conclusions – many PLHIV miss out on the benefits of the superannuation system because they are either unemployed, employed part-time, have intermittent employment with long absences due to health issues and earn lower annual incomes than the general community.

Positive Life supports reform to the Australian superannuation system to rectify inequalities. The employer paid superannuation guarantee should be compulsory for all Australian employees, including those who earn less than $450 per month. As the Executive Director of Per Capita, Emma Dawson stated in November 2019: *"the argument against compulsory super for low income earners rests on the idea that it comes directly and automatically from wages. This was effectively debunked by research from Jim Stanford this week".*[29] Many PLHIV who are working do so on a part-time basis and are on low incomes with small or nil employer contributions. All work should be remunerated both with wages and employer paid compulsory superannuation contributions.

Additionally, the superannuation guarantee should be increased to 12%, as promised by the Federal Liberal government during the 2019 election campaign. This increase would be of most benefit to workers on low incomes (less than $80,000 per annum), as many higher income earners already benefit from superannuation structural arrangements. Positive Life also supports initiatives that prevent superannuation evasion by employers and reforming the superannuation financial services sector with a more stringent regulatory framework that protect consumers from high fees and other unscrupulous and wasteful practices.

PILLAR THREE - VOLUNTARY SAVINGS

The ability to contribute to voluntary savings is unquestionably linked and dependent upon income. In 2019, nearly a third (30.8%) of Australian PLHIV reported an annual income of less than $30,000. 14.4% reported an annual income of $30,000 to $49,999 and 19.0% reported an income of $50,000 to $79,000 per annum.[30] This means that nearly two thirds of Australian PLHIV live on incomes that are below the national average income for full-time Australian workers. It is unsurprising therefore that Australian PLHIV who live on low incomes have not been able to contribute to voluntary savings in any meaningful way. The tables previously cited in this submission detail income and source of income for Australian PLHIV. Social security benefits are the most likely income source for those earning less than $30,000 per year and for approximately a third of those earning $30,000 to 49,000 per annum.

HOME OWNERSHIP

As noted in the Consultation Paper: *"pensioners aged over 65 who live in their own home have much lower rates of financial hardship than those renting privately (Daley and Coates 2018)…Most household wealth for individuals aged 65 and over is held outside the superannuation system, with owner-occupied dwellings the largest asset for these cohorts. Outright home ownership supports retirement income by reducing ongoing expenses and acts as a store of wealth that can be accessed in retirement. For many Australians, the family home is the most significant form of voluntary savings and Australian retirees have historically had a relatively high level of home ownership compared to other countries"*.[31]

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[29] Emma Dawson. (2019). The great superannuation debate: raise it, freeze it or do away with it altogether. *The Guardian,* accessible at: https://www.theguardian.com/australia-news/2019/nov/24/the-great-superannuation-debate-raise-it-freeze-it-or-do-away-with-it-altogether

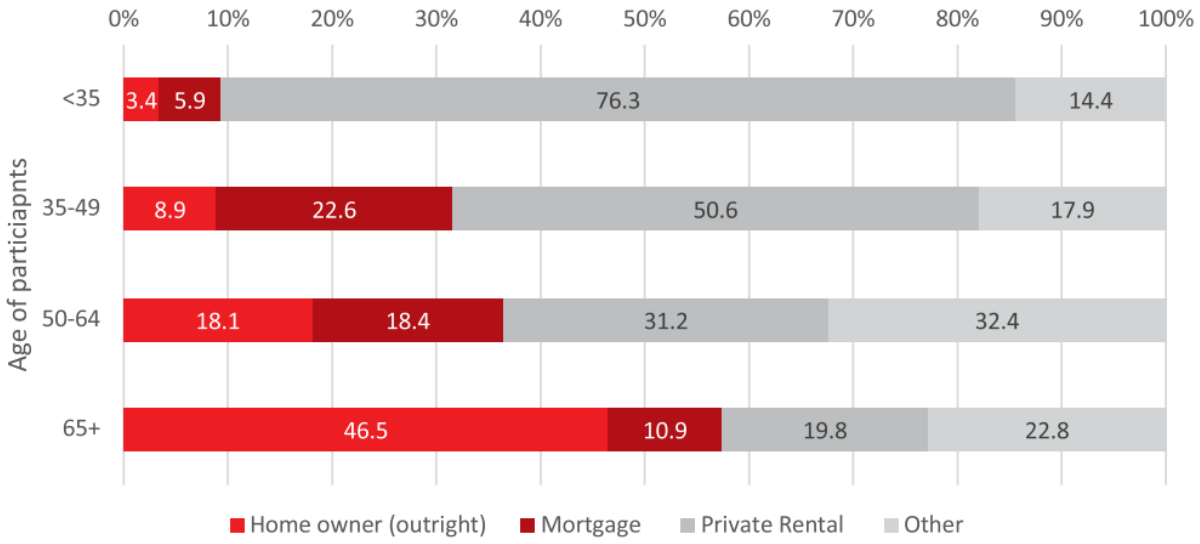
[30] HILDA Survey: Selected Findings, p15, accessible at: https://melbourneinstitute.unimelb.edu.au/__data/assets/pdf_file/0011/3127664/HILDA-Statistical-Report-2019.pdf

[31] Retirement Income Review Consultation Paper, November 2019

This, however, is not the case for Australian PLHIV. Very few Australian PLHIV have been able to buy their own home. This is due to the health impacts of HIV and other chronic health conditions on continuous employment. Australian PLHIV are disadvantaged in their ability to save for a deposit, secure a loan and meet mortgage repayments. It is also due to many PLHIV being single (44.7%)[32] and not benefiting from the advantages of dual incomes or having a partner who contributes to daily living expenses. By comparison, only 9.5% of the Australian community report being a single person.[33] Only 16.5% of Australian PLHIV own their own home and a further 17.0% are purchasing a property.[34] 42.7% live in private rental properties and 16.5% live in public or community housing.

Older PLHIV are more likely to be homeowners, with 46.5% aged 65 years and older reporting owning their own home. This is most likely due to inheritance of property from family (parents), previous partners who have died, and the purchasing of property prior to 1990 when property prices were more reasonable. A reduced proportion (18.1%) of PLHIV aged 50 to 64 years report owing their own home. We think this is most likely due to a combination of factors, such as increasingly expensive property prices in major Australian capital cities. Younger PLHIV are more likely to be renting in the private or public sectors. The following figure titled 'Housing by type and age', shows housing type by age stratification.[35] By comparison, 66.9% of Australians either own their home outright or are paying off a mortgage.[36]

Housing by type and age



A majority (90.7%) of PLHIV aged less than 35 years and 68.5% of those aged 35 to 49 years are renting in the private market. This proportion is only slightly less for PLHIV aged 50 to 64 years, with nearly two-thirds (63.6%) renting in the private and public sectors. It would be reasonable to assume that the vast majority of these older PLHIV will never own their own home and will continue to rent for the remainder of their lives.

[32] La Trobe University, Australian Research Centre in Sex, Health and Society, HIV Futures 9, (2019), p20, accessible at: https://www.latrobe.edu.au/__data/assets/pdf_file/0007/1058614/HIV-Futures-9.pdf
[33] HILDA Survey: Selected Findings, p7, accessible at: https://melbourneinstitute.unimelb.edu.au/__data/assets/pdf_file/0011/3127664/HILDA-Statistical-Report-2019.pdf
[34] La Trobe University, Australian Research Centre in Sex, Health and Society, HIV Futures 9, (2019), p22, accessible at: https://www.latrobe.edu.au/__data/assets/pdf_file/0007/1058614/HIV-Futures-9.pdf
[35] Ibid, p21
[36] Australian Bureau of Statistics, accessible at: http://stat.data.abs.gov.au/Index.aspx?DataSetCode=ABS_CENSUS2011_B32

Positive Life has significant concerns for PLHIV who are renting in the private market. Not only will they not benefit from home ownership, but they will be unlikely to afford private rental properties when they retire. They will become reliant on public and community housing or become homeless. Given the current limited stocks of public housing in Australian capital cities and regional centres, we have little faith in the ability of public and community housing sectors to meet the increased demand from PLHIV when they retire. Much has been written about the impacts of homelessness on the health and wellbeing of PLHIV. Secure housing is a prerequisite to the effective clinical management of PLHIV. Without secure and appropriate housing, PLHIV become non-adherent to HIV treatment, disengage from healthcare, and spiral down a path towards AIDS and death. Additionally, without adherence to HIV treatment, HIV is transmissible.

Rental assistance needs to be increased for non-homeowners. In addition, the means tested threshold for non-homeowners applying for the Aged Pension is currently set at approximately $210,000 above that for a homeowner. This consideration is nowhere near the average Australian house price (from $425,000 in Hobart to $830,000 in Sydney) and the redeemable value of the asset. Commonwealth Rent Assistance therefore needs to be substantially increased. If this is not pursued by the Commonwealth, many PLHIV and other older Australians will not be able to afford to stay in private rentals and will potentially become reliant on public housing or homeless.

Conclusions – Older PLHIV who have been living on low incomes (<$30,000 per annum) have limited or no savings. This is due to long-term reliance on the DSP, Newstart, the Aged Pension or part-time work. Many live below the poverty line and will continue to live in poverty until the Aged Pension/DSP is increased. While some have benefited from inheritance of property from partners or family who have died, or purchased property prior to the advent of the HIV/AIDS epidemic, many others have exhausted savings, cashed in superannuation in the 1980s and 1990s and report their sole income as a government pension. If you haven't got enough money to live from day to day, saving for retirement becomes unlikely.

SYSTEM COMPLEXITY

Due to the complexity of the retirement income system in Australia, many low-income Australians are detrimentally impacted in their ability to understand and navigate the system, and effectively maximise their retirement incomes. This issue once again exacerbates the inequality in Australia, as those on higher incomes are more likely to be able to afford to access financial services to assist with system navigation, whereas this ease of access is often not afforded to those on lower incomes, who also have to spend time and energy in navigating a range of other complex interacting systems, such as health, social services and aged care. This review is an apt opportunity to: 1) simplify the system; 2) maximise default outcome settings for low income earners; and 3) facilitate greater information and navigation services for ageing people and people on low incomes who often do not have access to or choose not to engage with internet based services.

OVERALL CONCLUSIONS

The retirement income system is not helping older Australian PLHIV. The system is currently unfair and geared towards those who are 1) continuously employed, 2) on higher incomes; 3) in a relationship where income sharing is possible; and 4) able to take advantage of the benefits of compulsory and voluntary superannuation contributions, voluntary savings and homeownership. Older PLHIV and many other groups of Australians are financially disadvantaged across all three pillars of the Australian income retirement system because they experience poorer health, which results in involuntary retirement, career breaks and relationship breakdowns. They often live on incomes that are considered below the poverty line and have no ability to amass savings or assets. Women living with HIV are even more disadvantaged than men, particularly women living with HIV who have dependent children.

PLHIV who were diagnosed in the early days of the epidemic (in the pre-1996 HIV treatment era, i.e. the 1980s and 1990s) and who are generally older, have been particularly financially disadvantaged by the system. The impacts of HIV/AIDS, opportunistic health conditions, and long-term side-effects from crude early HIV drug regimens, means that many PLHIV routinely experience broken work patterns or have needed to stop work altogether. After being told they could die from AIDS, they stopped work, cashed in superannuation savings, became reliant on the Disability Support Pension and waited to die. After the introduction of effective HIV treatments in 1996, many were unable to resume employment and rebuild financially, due to chronic ill-health or the changed work/skill requirements. These PLHIV have been financially disadvantaged and have neither benefited from decades of salaried income, compulsory superannuation, or the ability to voluntarily save for retirement. Few own their own home. They are financially disadvantaged citizens in Australian society.

SUBMISSION RECOMMENDATIONS

Aged Pension:

- Amend the Age Pension so that: 1) eligibility is widened; 2) the maximum rate is increased for both individuals and couples to above the poverty line, to more accurately reflect the cost of living in Australia; and 3) index the rate to wages rather than prices.
- Increase the maximum rate of Commonwealth Rent Assistance to reduce the widening gap between homeowners and renters in the private sector
- Index Commonwealth Rent Assistance to housing costs instead of CPI to more accurately reflect changes in costs faced by renters in specific geographical areas (major capital cities).

Superannuation:

- Address access inequity of superannuation savings particularly for: 1) working Australians on low incomes; and 2) who experience absences from work and other factors contributing to gaps in employer contributions
- Amend inequity of the superannuation system that unfairly benefits high wage earners – including through stronger tax offsets for low income workers and restricted tax concessions for high income earners - to reduce the extent to which superannuation is being used for tax planning instead of retirement saving
- Reduce opportunities for employers to evade superannuation contributions
- Expand coverage of the superannuation system by requiring employers to make superannuation contributions to workers earning less than $450 per month
- Increase the compulsory Superannuation Guarantee (SG) contribution from 9.5% to 12%, particularly for workers on low incomes (less than $80,000 per annum)
- Improve the efficiency and regulation of financial management in the superannuation system, by reducing the number of funds and consider closure of unscrupulous retail funds, and funds charging high management fees
- Address the interaction between the superannuation system and the Age Pension by adjusting the means test for non-homeowners to better reflect average house prices
- Facilitate greater information and navigation services for ageing people and people on low incomes who do not have access to or choose not to engage with internet-based services.

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