



# Association of Independent Retirees

## ***A.I.R. ACTIVE***

**Keeping Independent People Informed**

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### **President Meets with Minister Macklin re Changes to CSHC**

Following the letter of 3 June 2008 from A.I.R. to the Minister for Families, Housing, Community Services and Indigenous Affairs, Jenny Macklin, an invitation was extended to the National President to meet with the Minister on 19 June to discuss the Budget measures relating to the Commonwealth Seniors Health Card (CSHC).

A briefing document was forwarded to Minister Macklin, in preparation for the meeting which was attended by National President and Sue Hart, from the Secretariat.

The Minister presented the Government's position on changes to eligibility for the CSHC to apply from 1 September 2008. Basically it means that all income, allocated and drawn down for Pension and Expenses needs, will be counted as income for the CSHC.

At the meeting, I used a very simple example to clarify the understanding. If a retiree had \$50,000 in an interest-bearing deposit, received \$5,000 interest pa, then the retiree qualified for the CSHC. Should the retiree withdraw all of the deposit for a special purpose (total being \$55,000), the CSHC would be withdrawn.

In addition, there will also be a greater degree of checking, with Tax File Numbers being linked to CSHC applications from 1 July 2009.

There will be no indexation of the threshold levels of the CSHC. There will be no increase in the threshold values to compensate for the lack of indexation since 2001.

The Minister reiterated the significant increases which have become available to self-funded retirees who hold the CSHC,

namely the increase from \$218 to \$500 for the Utilities Allowance, and the 50% rebate for registered internet users.

The one 'light on the horizon' from the meeting was the Minister's offer to engage with A.I.R. in future discussions about the CSHC in the context of the review of the tax system which is to be undertaken.

In response to a question about membership of the Reference Group for the taxation review, the Minister advised that no invitations have been issued at the time of our meeting. She did, however, indicate that the Association will be considered when the composition of the Group is being determined.

A letter has been sent to the Minister confirming our discussions and thanking her for making time available to meet with A.I.R.

### **Meeting with the Hon Tony Abbott MP, Shadow Minister for Families, Community Services, Indigenous Affairs and the Voluntary Sector:**

An invitation was received from Tony Abbott to discuss the CSHC on 27 May 2008. The meeting lasted about 25 minutes, and a further 30 minutes was spent with the Shadow Minister's advisor.

Mr Abbott was seeking a better understanding of the current situation following the Federal Budget announcements, and particularly the likely impact on self-funded retirees. Mr Abbott undertook to further investigate the potential savings through the changes to the CSHC, identified in the Budget as being \$85 million.

Information was also requested on the current eligibility criteria for the CSHC, the concessions available for self-funded retirees, and any

concessions to CSHC holders available through the States and Territories governments.

An important message to be taken from this meeting is that there may be benefit in A.I.R. providing background information on to the Opposition in the hope that issues of concern will then be raised in the Parliament. In order that matters of interest and concern to A.I.R. are conveyed to the Opposition, copies of *AIR Active* are to be sent to the Shadow Minister's office.

Additionally, the *WA Concession for Seniors* document was forwarded to Mr Abbott's office. Following requests from A.I.R. Divisions, information was provided about the concessions available from the State and Territory Governments for CSHC holders for use at the local level.

It should be noted that the more information and concerns that can be communicated to Members and Senators, the more opportunity there is for such issues to be debated in the Parliament.

### **From the National Secretariat**

The Bill giving effect to the decisions announced in the Budget impacting on the CSHC is the *Families, Housing, Community Service and Indigenous Affairs and Other Legislation Amendment (2008 Budget and Other Measures) Bill 2008*.

It was introduced into the House of Representatives on 29 May and passed on 5 June; introduced into the Senate on 16 June and has been sent to the Senate Community Affairs Committee for further consideration.

The Bill is expected to be passed by the Parliament prior to the end of this week, after which Parliament rises for the winter recess.

### **Supporting statements from other associations**

Arnold Bates, CEO and Trevor Nixon, National Chairman of **ARPAOver50s** wrote

on 16 June 2008 to Ministers Macklin and Roxon:

*This organisation wishes to express our agreement with the suggestions raised by the Association of Independent Retirees in the letter from their President, to you of the 3rd June 2008.*

*It seems grossly unfair that the Government can index link benefits for other parts of the community but not seniors. This almost borders on age discrimination. We ask you to seriously consider this issue, and correct this imbalance.*

*Whilst access to C.S.H.C. was made easier on 1st July 2007, because of the change in the rules relating to treatment of superannuation and tax, this has been withdrawn and we revert to a pre-1st July 2007 situation. Therefore the case for indexing access limits for the CSHC would seem to be overwhelming.*

The **Superannuated Commonwealth Officers Association (SCOA)** has written to the Minister seeking clarification on the eligibility criteria.

Mr Phillip Dayson for Home Secretariat, the **Federation of Ethnic Communities in Australia** wrote on 15 June 2008:

*Basically the government proposal to change the tax free super pension payments and have them treated as income for family assistance and the CSHC Card from July 2009 is grossly unfair. If introduced, (and one must hope that better judgement will prevail), it would be an unjust impost particularly on self funded retirees. The only meaningful and useful entitlement that they can currently access is the CSHC card.*

*We would strongly support the demand for the threshold limits to be raised and indexed every year. May I wish you and the many others who are working tirelessly to obtain a fair outcome on this issue all success in your deliberations with the Minister Jenny Macklin. The recent statement by our Prime Minister to get it right on the overall tax review not just for pensioners but also for self funded retirees is encouraging.*

**Theresa Kot**

**24 June 2008**