

PRESS RELEASE

Summary of Federal Budget Measures 2017/2018

SCOA Australia's President, Dr Annette Barbetti, today said that SCOA welcomed the reinstatement of the Pensioner Concession Card for those pensioners who lost it as a result of the change to the taper rate for the Age Pension assets test on 1 January 2017, adding that "we continue to hope that the Government will eventually return the assets test taper rate to a more realistic level".

The Government is providing a one-off Energy Assistance Payment of \$75 to single Age Pensioners and \$125 per couple, but Commonwealth Seniors Card holders will miss out. Annette Barbetti said that "this payment will no doubt prove to be only a small fraction of the increase in energy costs expected to occur this winter".

While the increase in the Medicare Levy will provide needed additional funding for the NDIS, SCOA Australia believes it would be equitable to increase the Medicare Levy exemption to generally acceptable limits, thus exempting a greater proportion of low income taxpayers from having to pay the Medicare Levy.

Annette Barbetti said that SCOA welcomes the lifting of the freeze on the indexation of the Medicare rebate and the decision to abandon the previously planned increased co-payments and safety net thresholds in the Pharmaceutical Benefits Scheme. However, said Dr Barbetti, "the Government has persisted in using CPI indexation for the rebate for private health insurance, even though the cost of private health insurance continues to increase at a faster rate. This is making private health insurance less and less affordable for retirees".

Another Budget measure to come into force from 1 July 2018 will allow those over 65 who are downsizing to a smaller house to put up to \$300,000 (\$600,000 for couples) from the sale of their home into superannuation as a non-concessional contribution without any work test or age restriction. However, said Dr Barbetti, "such payments count towards the \$1.6 million transfer cap, but the restrictions on non-concessional contributions for people with balances over \$1.6 million will not apply. These payments will be counted as assets for purposes of the Age Pension assets test but will not affect eligibility for the Commonwealth Seniors Health Card. This measure will benefit fully self-funded retirees who want to put more money into superannuation, but it will probably be rather ineffective in encouraging downsizing, due to the lack of suitable accommodation for older persons who wish to downsize."

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