

7 October 2022

Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Secretariat

Social Services and Other Legislation Amendment (Incentivising Pensioners to Downsize) Bill 2022 [Provisions]

As the peak consumer body for older Australians, National Seniors Australia welcomes the opportunity to comment on the proposed legislation to incentivise pensioners to downsize.

National Seniors has done extensive research into older Australians views on downsizing, the results of this research are provided as attachments to this submission (Appendix [1](#) and [2](#)).

As our downsizing research has shown, there are multiple factors which discourage downsizing among seniors. These include:

- The effort of moving
- Finding a smaller place with good value for money
- Age Pension means test impacts
- Cost of stamp duty
- Moving costs
- Difficulty finding a smaller place with appropriate design feature
- Difficulty finding a smaller place in local community

We have found that a proportion of older people view the impact of downsizing on pension entitlements as one of the key factors discouraging seniors from downsizing. One-third of people planning to downsize indicated they would be encouraged to downsize if policy changes meant the extra money didn't affect their pension.

As such, we are supportive of moves to remove this, and other barriers, which might encourage older Australians to downsize as they age.

In terms of the proposed legislation, we consider this *may* assist some pensioners by providing increased flexibility around decision-making about future housing. Specifically, it may assist those experiencing delays in settlement for new housing or in rebuilding or relocating after natural disasters.

We also acknowledge that the extension of the exemption to two years, brings this in line with the existing exemption offered for those entering residential age care.

This is positive in that it makes the treatment of excess proceeds consistent, regardless of where someone lives when receiving aged care services. In this regard, the change could be of benefit to an older person with limited life-expectancy wishing to downsize and remain in a home environment (and not in a residential aged care home) while receiving aged care support.

Unfortunately, we do not believe the proposed legislation will encourage pensioners to downsize more broadly. This is because it only provides a limited timeframe for the exemption.

We believe pensioners will be concerned about the loss of pension entitlement after this two-year period expires and will therefore not be more likely to downsize.

Alternative policies

National Seniors has long advocated for policies that encourage seniors to downsize into more suitable housing as they age. We believe this is good policy provided it is voluntary and adequately removes the barriers to downsizing.

For example, we strongly support state government policies which reduce stamp duty costs for older people who choose to downsize. This was one of the key barriers to downsizing found in our research. Stamp duty concessions for seniors are currently provided in the Australian Capital Territory, Victoria and Tasmania.

We have also advocated for pension means test exemptions to encourage older Australians to downsize into more suitable homes and avoid premature entry into residential aged care.

In this regard, National Seniors Australia made a submission to Royal Commission into Aged Care Quality and Safety and appeared to discuss these issues. A copy of this submission is provided as an attachment to this submission ([Attachment 3](#)).

Our preferred policy, which we believe government should adopt, would provide an enduring exemption from the means test for anyone over the age of 80 who has been approved for a home care package and has lived in their home for a minimum of 10 years (see [attached policy](#) briefing for more details).

We believe this would be an effective way of supporting older Australians to downsize because it is targeted at those who most need to downsize and is enduring.

Removing means test impacts for those in later life, who might otherwise stay in large unsuitable homes, would have multiple benefits for individuals and the wider community, including:

- Reducing the risk of premature entry into residential care.
- Reducing the overall cost of care to government.
- Increasing contributions into superannuation (via the downsizing into superannuation scheme).

- Increasing financial resources and capacity to pay for additional care and support in the home (above and beyond government care).
- Stimulating demand for seniors friendly, accessible housing.
- Freeing up larger houses for larger families, taking pressure off the housing market.
- Boosting spending in the economy, creating jobs and economic development.

We encourage the federal government to consider further changes to Age Pension means test rules to encourage downsizing among older Australians and look forward to discussing with government how older people can be supported to voluntarily downsize, if they wish.

National Seniors Australia thanks the committee for the opportunity to put forward this submission.

Yours sincerely



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Chief Advocate