

4 August 2017

Manager
Accumulation and Savings Unit
Retirement Income Policy Division
The Treasury
Langton Crescent
PARKES ACT 2600

Email: superannuation@treasury.gov.au

Dear Sir or Madam

Consultation on Housing-Related Superannuation Measures

Thank you for the opportunity to respond on the exposure draft legislation for housing-related superannuation measures.

The Property Council of Australia is the leading advocate for Australia's biggest industry – property. One of the asset classes we represent is retirement villages. We are a national not-for-profit organisation established to promote the work of the property industry in delivering prosperity, jobs and strong communities to all Australians.

We agree that policy should encourage and assist seniors to downsize their homes to enable them to have a choice to live in age-appropriate accommodation which meets their social and healthcare needs. The proposed superannuation changes remove a big barrier for retirees looking to extend their independence and improve their quality of life.

We consider that being able to invest the proceeds of a home sale into superannuation accounts will encourage some seniors to downsize.

A large impost on Australian health budgets is the impact of older people living in three, four or five bedroom houses not suited for ageing, with high levels of maintenance and trip hazards.

Allowing eligible seniors to sell their home and invest up to \$300,000 – effectively \$600,000 for couples – into superannuation will encourage downsizing and lead to happier and healthier lifestyles.

Retirees and pensioners do not deserve to be penalised for making housing choices that suit their needs, and this policy helps to address that penalty.

However, it does not address the inequality in the aged pension assets test, which the Property Council estimates deters upwards of 50,000 people a year from making the move to smaller and more manageable homes.

Exempting some sale proceeds from the assets test would remove the largest barrier to downsizing for people receiving the full age pension.

We know from previous research, undertaken by Grant Thornton in 2014, that retirees who downsize to retirement villages save the Federal Government more than \$2 billion each year from fewer GP and hospital visits and delayed entry into residential aged care.

National Seniors Australia, the country's peak lobby group for over 50s, has also declared assets testing exemptions to be the most effective method for removing downsizing barriers.

The Federal Government's commitment to superannuation changes is a very positive step forward however we suggest that it should be the first of several steps to remove the remaining barriers to downsizing.

The Property Council would welcome a meeting with Treasury to discuss further the changes which could be made to the age pension assets test.

I can be contacted at (07) 3225 3007 or bmyers@propertycouncil.com.au if you have any queries.

Yours sincerely



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