Dear Commissioner

**Inquiry into Electricity Pricing Queensland – Draft Report**

I am writing to request that Recommendation 45 (part 2) of the Draft Report on Electricity Pricing Inquiry dated 3 February 2016 be reconsidered.

As background, the Association of Independent Retirees Limited (AIR) represents fully and partly self-funded retirees (part pensioners) and people that are about to retire. With changing economic times and cost of living increases, many retirees and particularly those on fixed incomes are experiencing very difficult times.

The Recommendation of concern states:

“*remove access to the general Electricity Rebate for Queensland Seniors Card holders. Consideration could be given to grandfathering eligibility for existing Queensland Seniors Card holders.*”

The large majority of AIR members are holders of a Queensland Seniors Card (QSC). The rebate on electricity that is provided is a definite assistance to meeting living costs. While it is often considered that self-funded retirees are “silver tails” in money terms, this is far from the truth and many struggle to maintain even an average lifestyle.

While it may be of little concern to the Commission, the Federal Government has amended the legislation for part pension eligibility by increasing the age pension taper rate from $1.50 to $3.00 per $1000 and reducing the asset test threshold to $823,000 for couple homeowners and to $547,000 for single homeowners – effective 1 January 2017.

This means that a lot of current part pensioners will lose their pension eligibility next year. And, it will create a new poverty trap group of self-funded retirees whose annual income is below that of a full age pensioner. As an aside, they would have to receive a return on investment of about 9% to make up for the loss of the part pension. This is not possible in the current fiscal environment.
However, they would still be eligible to hold a QSC.

If Recommendation 45 (part 2) was implemented, these retirees would lose access to the electricity rebate at a time when previous part pension income assistance was withdrawn.

While AIR can see the reasoning behind the recommendation, it is considered that the Commission is not fully aware of the financial position managed by many non-full pensioner retirees.

The Commission could consider recommending that QSC holders continue to receive the electricity rebate but, if absolutely necessary, put an income cap of say $80,000 per annum where eligibility would cut out.

I reiterate that the current Recommendation 45 (part 2), if implemented, together with the Federal Government’s part pension changes would lead to financial hardship for a lot of retirees.

Should you require further information, please contact Paul Southgate (☎ 07 33514126 or E psouth@gil.com.au).

Yours sincerely

PAUL SOUTHGATE
Deputy President
Queensland Division
Association of Independent Retirees (AIR) Limited
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Please address correspondence to: Helen Sava
Secretary, Queensland Division
Association of Independent Retirees
PO Box 1317
BUDDINA QLD 4575