



Media Release

QWest Paterson

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PENSIONERS TRAPPED IN UNSUITABLE HOUSING

QWest Paterson Chairman Warwick Hemsley says current asset testing for the pension is potentially locking older Australians into inappropriate housing.

“While Scott Morrison has denied claims the federal government will include the private home in asset testing for the pension, there is a bigger issue at play,” Mr Hemsley says.

“While the private home is not included in asset tests if a person or couple still live in the home, once they sell it they are liable to lose part or all of their pension,” Mr Hemsley said.

“For many people, the threat of losing the pension if they sell is enough to keep them where they are rather than consider downsizing or moving to a retirement village,” Mr Hemsley said.

“In an era of urban sprawl and limited housing supply, the government should be doing all it can to ensure people are living in housing that suits their needs and their lifestyle,” Mr Hemsley says.

For many pensioners that means moving out of the family home and into smaller accommodation or a retirement village situation.

“This encourages a natural flow of housing supply for younger couples and families looking for more space,” Mr Hemsley said.

“This type of asset testing is just another artificial constraint on people moving into more appropriate housing,” Mr Hemsley said.

“We are not necessarily talking about wealthy people here,” Mr Hemsley said. “There are many people who live in a home that has gained considerable value over time who have never had a high disposable income. These people rely on the fact they will be eligible for the pension.”

“For example, if a couple in Perth sell their house for \$1.5 or 2million and then move to a retirement village that costs \$400,000 to enter, they may not be eligible for the pension or suffer significant reductions.”

Someone who bought a small asbestos cottage in Cottesloe 50 years ago for just a few thousand dollars, could now have a property worth over \$1million.

“Pensioners in this kind of circumstance can get trapped in their large and expensive to maintain property for fear of losing their pension if they downsize – it becomes a ‘lose-lose’ situation,” Mr Hemsley said.

The prospect of someone on little to no income, selling their house only to lose their only source of income (the pension) can be too scary.

“This is why we have so many older Australians living in the large family home. They are trapped by a government asset test that deems them too wealthy for the pension or even the Health Care Card.”

Mr Hemsley suggests that only half the money earned from selling the private home should be included in the asset test.

“This would ensure that those people, who in today’s property market have a reasonably valued home, are not provided with further disincentives to moving in to appropriate housing that is suited to their needs.”

“It also means that many people may go from a full pension to a half pension, which would save the government money in the long term because if they stay in the original home they would be on full pension.”

“Clearly there is a potential win-win outcome in this scenario”

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To find out more or to arrange an interview with Warwick, please contact:

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