



**The Hon Jenny Macklin MP**  
**Minister for Families, Housing, Community Services**  
**and Indigenous Affairs**

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Mrs Julia Irwin MP  
Chair  
Standing Committee on Petitions  
PO Box 6021  
Parliament House  
CANBERRA ACT 2600

Dear Mrs Irwin *Julia*

Thank you for your letter of 25 June 2008 about a petition submitted by the Moreland Senior Citizens Action Group seeking a change in the indexation of pensions to 30 per cent of Male Total Average Weekly Earnings (MTAWE) in lieu of the current 25 per cent. I apologise for the delay in responding.

I understand that some pensioners are under financial pressure. Food, electricity, gas and petrol prices are going up, making it harder to make ends meet.

Since coming to office, we have taken a number of important steps to help pensioners.

We are paying seniors an increased Utilities Allowance of \$500 a year (single or couple combined). Allowance is paid in quarterly instalments in March, June, September and December to assist with quarterly utilities bills. These are permanent increases. The first \$125 instalment of the increased Utilities Allowance was paid in March 2008.

For the first time the Utilities Allowance has been extended to all recipients of Carer Payment, Disability Support Pension, Widow B Pension, Invalidity Service Pension, Income Support Supplement, Partner Service Pension, Wife Pension and Bereavement Allowance.

Commonwealth Seniors Health Card holders and certain Gold Card holders have also received an increased Seniors Concession Allowance of \$500 a year which will be paid quarterly, in line with the Utilities Allowance.

In addition, we have increased the Telephone Allowance to \$132 a year for seniors who have a home internet connection. This is available for eligible veterans, income support recipients of age pension age, Commonwealth Seniors Health Card holders and recipients of the Carer Payment and the Disability Support Pension.

All eligible seniors have each received a \$500 bonus payment resulting from the Government's first Budget. The \$500 bonus was paid directly into bank accounts in June 2008.

There's also extra help with dental and aged care, and we're working with the States and Territories to make it cheaper for Australians with a State Seniors Card to travel interstate to visit friends and family from 1 January 2009.

These measures are helping pensioners with cost of living pressures. We are now spending \$25 billion a year on the Age Pension.

It is timely to comprehensively review the pension system to determine what more needs to be done. The system needs to be reviewed in light of issues that have been growing steadily over the last decade.

This Government is committed to getting this right for the long term.

To do the job properly, we've begun a comprehensive review of retirement incomes as part of a review of Australia's tax and welfare system. This kind of review was the key recommendation from the recent Senate Inquiry into the cost of living pressures on older Australians.

Getting this right is more complicated than it appears at first glance. Since the Age Pension was introduced a century ago, other income support payments and allowances have been built onto the Age Pension. This means that changes to the Age Pension can affect the rest of the system. We need to consider how extra assistance can be best directed to those most in need. The indexation of pensions will be examined as part of the review.

The Pension Review will investigate the appropriate levels of income support and allowances; the frequency of payments; and the structure and payment of concessions or other entitlements. The Pension Review will be completed by no later than the end of February 2009. When the review is complete, the Government will respond swiftly. We will carefully consider options to reform the pension system to ensure that any changes are sustainable.

To ensure Dr Harmer hears of people's views, a reference group comprised of representatives from seniors and community groups has been established and a public consultation process is underway to inform the review.

Thank you again for writing on behalf of the Moreland Senior Citizens Action Group.

Yours sincerely

**JENNY MACKLIN MP**