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Official Committee Hansard

**HOUSE OF
REPRESENTATIVES**

STANDING COMMITTEE ON PETITIONS

Reference: Petitions from Victoria

THURSDAY, 30 OCTOBER 2008

MELBOURNE

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

[10.57]

PARNELL, Ms Debra, Policy Development, Council on the Ageing (COTA), Victoria

WOOD, Ms Janet, President, Council of the Ageing (COTA), Victoria

GUARINO, Mr Vittorio, President, Moreland Seniors Action Group

IANNAZZO, Mr Gino, Secretary, Moreland Seniors Action Group

Pension levels

CHAIR—I now invite petitioners who have been involved with raising concerns about the aged pension to come forward. I understand that there are individuals here who have been principal petitioners and others who are representing the Council on the Ageing, Victoria—COTA—as being instrumental in coordinating a petitions campaign, and we welcome their input and views today.

Although the committee does not require you to speak under oath, you should understand that this meeting is a formal proceeding of the parliament. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. Would one of you like to make a short opening statement before we proceed to questions? We have two different groups here, so, Janet, do you want to make an opening statement, and then we can go to Vittorio or Gino?

Ms Wood—I represent COTA—Council on the Ageing—Victoria. We are 50 years old and getting older. We are a non-profit organisation made up of individual older persons and organisations representing older people, particularly committed to the wellbeing of older persons but also to the empowerment of older people to act on their own behalf. That is our organisation. We are particularly engaged in policy formation and advocacy, which is why we are here today, and talking about pensions at what is an extraordinarily opportune time, when there is a convergence of interest in incomes and particularly retirement incomes and their association with welfare, for example. We use petitions sparingly. We do a lot of advocacy directly with government ministers and with departments. When we come to use petitions, it is because we believe there is an issue which will engage the interest of a whole range of people. COTA engages with over 60,000 senior Victorians annually. We have made a submission to the Harmer review, of course. We actually have a senior COTA person on that review committee, Patricia Reeve, not as a member of COTA but as a person with a great deal of background in this.

Our concern is income security and the whole cycle that comes out of that for the wellbeing of older Australians. So it links in with health, social inclusion and social engagement. It therefore links in with aged care in all its formations. Currently we are involved in a campaign which is wider than the making of a petition—it has many facets to it—but particularly a campaign for what I suppose we could call a minimum guaranteed income which provides for a modest standard of living for all older persons in Australia.

We have made a submission that there should be the establishment of a cost of living in retirement as a base number that is kept up to date with the real cost of living, a healthy life, as an active member of the community. We have made a submission about immediately increasing the single pension to at least two-thirds of the couple rate and increasing the pension to 35 per cent of average male weekly earnings until this new cost of living in retirement base is established.

We have a whole range of interests. We have put in detailed submissions, but what we hope our petition demonstrates is that this engages a very large number of people in the community. We are talking about the wellbeing of a growing group. We do not want everybody to go around with furrowed brows about that group. We are not a problem; we are an opportunity. We have a tremendous convergence now in that there is the chance to establish for at least the next 30 years how retirement incomes, pensions, will be handled in Australia.

CHAIR—Vic or Gino, would you like to make a brief opening statement?

Mr Guarino—Yes, I will. Thank you. We are a small group, just starting. We are not really articulate like my neighbour here. People have been experiencing difficulty with the aged pension. We are just starting because we saw the need for some sort of voice in the community to create some sort of service that the pensioners needed to understand what is missing. Something is missing about the pension. Nobody really can put a finger on how to get around and get all the service providers to care for pensioners the same way that they care about the rest of the community.

So I saw the need to start this group. We started this meeting with four people last year, when we produced a letter to Mr Rudd—I get a bit emotional the way it has been going—pointing out all the things that have been missing in the past. These things were obviously not in his control—they were from a different government altogether—but we pointed out the things that we want him to look at. I remember it was some time in October that we presented this document to our federal member for Wills, Kelvin Thomson, and he took it happily to have a look at it. Obviously, we had a response from him with all the policies that the Labor Party are putting in place, which look good on paper but, when it comes to the nitty-gritty of the experience that pensioners have, really it does not come around to the real thing.

After that we produced three submissions to the 2020 summit with regard to services like health, dental, general help for seniors and pensioners. We believe they are not first class in a way that the rest of the community services are. We believe that there needs to be a voice there to point out all of those things to government members. We did that with so much enthusiasm, if I might say so. After that we produced a submission to the review board. I think that is probably the last chance for the pensioners to have a say. We did that in something like a six-page statement to which we have had some response from members of parliament, but nowhere near the response that we expected. Yes, there is a review going on at the moment that we hope will bring benefit to the pensioners, but we are really holding our breath to find out what it is going to be all about.

CHAIR—We are hoping to find out the results of the Harmer report towards the end of February 2009.

Mr Guarino—Yes. Then we did a petition, as you know. You have received that. We are asking for an increase, a percentage payment based on the average weekly earnings, male wages. We did that just as a starting point to create a little bit more awareness in the community. That fact in particular was really embraced by the senior community that we came across. They were all ready with a pen to sign. When we said that was what we were after, everybody was there signing it. That was our starting point to introduce ourselves to the community. We had a good response.

CHAIR—You are from the Moreland Seniors Action Group, and you started off with four people; how many are now actually involved?

Mr Guarino—Now we have just formed a committee, and we are just about to have a general meeting on 22 November, which will be an official introduction to the Moreland community and anybody else who knows and wants to participate. So we have invited members of parliament, in particular, our member of parliament in Wills, a couple of state members of parliament and the mayor of Moreland. We have tried to introduce these shortcomings for pensioners the best way we can. We are not really articulated like professionals who have been to university; we are just ordinary people, ordinary pensioners, and we just see that there is something to be done, and that is what we are doing here.

CHAIR—Okay, fine. Before we go on, did Gino or Debra want to make a very, very brief statement before we go to questions?

Ms Parnell—No.

CHAIR—Gino, you are fine?

Mr Iannazzo—Can I talk?

CHAIR—Yes. You just have to make it very brief, I am afraid.

Mr Iannazzo—All right. As you see, we are not professional people, but what we want to say is that since the GST has been introduced, the value of pensioners has been dropping. The spending power in the last three years with prices skyrocketing, we have lost spending power. We cannot survive anymore with this rate of pension. We, as a group, thought that it was time the government updated it, because pensioners should received 25 per cent of the average weekly income. But it is not even that. We have the paper here, and I will leave it for you. These figures from the Australian Bureau of Statistics show that the average weekly earning is \$1,132, and 25 per cent is \$283. After we got the September rise, the single pension is \$281. It is still \$2 short of the 25 per cent. A pensioner couple gets \$234 each per week, which is nowhere near the 25 per cent that we believe each pensioner should get.

We have made suggestions for what we think at least the government should do. It is time to bring the basic adjustment to 30 per cent of the average weekly earnings. We have a formula here: 30 per cent of \$1,132 amounts to \$339 per week. We also believe that for couples there should be one pension. For singles, the government should work out something so that, when a pensioner's partner is gone, they are still able to pay their expenses. They should work out an allowance to cover electricity, water, gas, rates and so on. I do not understand why they talk

about two-thirds of a pension for a couple. We believe there should be one pension. For those pensioners who are single, there should be an allowance to cover the extra expense. We also believe that all pensioners should be compensated every year for the amount of GST that they pay. Why should we pay GST when we are out of the work force? We have been income tested to receive a certain amount each week or fortnight or whatever, and that is it. We have no other income, so why do we have to pay for working people, like everybody else? They work; they get a rise more than we do. That is why we believe that there should be an amount that the government discounts to us every year, to compensate for the GST.

CHAIR—All right. Because we only have about 10 or 15 minutes left of our time, I would like to thank you for your opening statements. I have one question for all of you. Have you had a chance to assess the impact of the recently announced pensioner assistance measures by the federal government, and if you have, what is your response to the recent announcements?

Ms Wood—It is too soon to know exactly. We do not know yet from our members how they will be spending it and why they will be spending it and what they actually think about it. COTA has always had a slight tension between our basic policy, which is that the pension itself should be the proper way that payments are made, and added bonuses, et cetera. However, given that there was such a gap, and pensioners are waiting clearly, as we have heard, for something to happen, obviously the payment, and payment of such a reasonable size, is encouraging. But COTA's general position, as I said, is that the regular pension payment should take into account the rises in utilities, et cetera, and should be an appropriate amount, rather than the process being almost an occasional handout.

CHAIR—You are virtually saying that, instead of one-off payments, to incorporate that into the fortnightly pension?

Ms Wood—Yes. We acknowledge that not all of our members would agree with that, because some people really do like receiving a lump sum. They rarely see a lump sum, so it can be very nice indeed. We have what I would call a general base: the pension should be sufficient. However, we will certainly not say that bonuses are not good, but they should not be the way in which pensioners are compensated.

CHAIR—Vic or Gino, would you like to answer that question?

Mr Guarino—I think also that the bonus that has come forward, which I believe will be available sometime in December, is somehow a step in the right direction, but that is not really what we are after. We are after a bipartisan approach—bipolitical if you like—that ensures that pensioners are looked after all year, not just with a Christmas bonus. They might need a holiday or they might need a kitchen table or a fridge or whatever that they could not afford before. We believe that the pensioner should have insurance that they can have a decent standard of living, not just financially, but also with their health. The services that are provided for seniors or pensioners at most times leave a lot to be desired. For instance, the waiting list for dental care is five years. At one stage, people could only go to the dental hospital for emergencies, and most of the time they have to wait all day. Sometimes they cannot even see you that day and you have to come back the next day. I do not think it is acceptable for a pensioner to go through all of that pain. After all, some pensioners have made a big contribution to the wealth of Australia for 50 or 60 years. If they live long enough, they work nearly all their lives to contribute to the nation.

Even now with the GST we are still contributing to the nation. I do not think that that is fair for somebody who gets a minimum wage and who has been considered to be under the poverty line for many years now.

We need some guidelines that will be respected by all governments—local, state and federal. We need governments to get together and talk about it. We appreciate this review and that there is some movement, but the Liberal government was in power for 11 years and we knew then that things were bad. The pension had been neglected for a long time. We should have acted and spoken publicly 10 or 12 years ago, but obviously there was not enough power within the pensioner community to speak out. There was not that courage or desperation to speak. Now there are pensioners who have to speak, otherwise nobody will listen. What we are after is insurance that pensioners can have a decent standard of living.

Mr ADAMS—Thanks for appearing. Do you have a position on whether pensioners who are on the basic pension should receive more of a lift in the pension than those on a higher income level—those who are receiving a part-pension and part-super, or who may have other assets or more assets? Would your policy position be that government focuses on that end of the pensioners than on the other end?

Ms Wood—Our real concern is for those people who are most disadvantaged. Our position really is to look at what the base level of the pension is, and that we see the base level raised. In our submission to the Harmer review, we have not really addressed those other issues in terms of the tailing of the pension and how it works. Our main focus is on the need to lift the base level of the pension so that those who are on full pensions in particular are afforded a decent standard of living. Our position is that, in the long term, retirement income should be based on three pillars: the pension, superannuation and personal savings. Clearly, at the moment, the people who are currently on the pension—and, for some time still to come, new pensioners—will not have sufficient money in superannuation or in retirement savings. Our current financial situation is probably going to even exacerbate that. People have not had the time or opportunity to accrue superannuation, so we need to ensure that for some period of time, the base level of the pension is sufficient to enable people to fully participate in society in a healthy and active way, and that they have a decent standard of living, as our colleagues here have said.

Mr ADAMS—Thank you for that. Executive incomes have been in the news recently. In Australia we used to have something like a fitter's wage versus what a judge was paid, and the difference between that was usually regulated by maybe 20 times or something. That seems to have got out of kilter in our fair Australia. Does COTA or the Moreland aged care group have a policy position on whether perhaps Australia should tie what a higher executive receives to a fitter's basic wage?

Mr Guarino—As I said before, we are just starting. We do not have that vision yet to expand on those things. Our main concern is really for the people who live on the base pension. Perhaps they have a small amount of savings put away that they are forced to chip away at all the time—

Mr ADAMS—Yes, but perhaps we need to try to get a position that is tied to what a pensioner is on, as opposed to what higher incomes are. Therefore, if higher incomes have to go up, then pensions have to go up. Do you understand where I am coming from?

Mr Guarino—Yes. We do have that policy—that pensions should go up to a level of decency. For instance, at the moment it is way below the poverty line. Does anybody here know what the minimum wage is? It is somewhere near \$400 a week?

Mr ADAMS—It is \$16 an hour.

Mr Guarino—The pension is not even half of that. That is way below the poverty line. The way life is now, you need a car to get from point A to point B, and you need petrol, and you need so on, so you need at least the minimum wage for a person to function.

Ms Wood—Just to restate what COTA's position is. We are very much a policy and advocacy group. We look to other research bodies; we do not have what I would call a research arm at that depth that you are suggesting, so we look to other bodies, particularly like the Brotherhood of St Laurence or Access Economics and a range of people for that detail. What we do is try to lay down what we believe are the basic principles and then let clever people work out how that principle would work in practice.

Mr ADAMS—Do you think there is a principle in what I put?

Ms Wood—It is an interesting one, isn't it? I am not sure how it would work. I cannot quite see how it works that way. You are suggesting that the effect would be to pull up the pension towards a higher range rather than average?

Mr ADAMS—Maybe you can think about it and get back to us.

Ms Wood—Yes.

Ms Parnell—I guess our concern would be that there is growing inequity between people at the top end and certainly those at the bottom end. We recognise that aged pensioners are by no means the only group that are feeling a lot of hardship through the entitlements that they are afforded from the Commonwealth government. Certainly, people on carer's allowances and disability support pensions and so on need to be considered. Clearly our interest is the aged pension. We recognise that, under the previous federal government, changes to pension entitlements meant that we now have a larger group of people who have access to some level of pension. I guess our concern is that while we are making that cost greater by spreading it across more people, the people at the bottom end have not been really helped in that process. So there has been growing inequity through the provision of more funds to people at the top end, and we really want to see that those people at the bottom end are given assistance.

Mr ADAMS—Some \$25 billion, and I think that is stretched over more people.

Ms Parnell—Yes.

Ms Wood—We do think that maybe there has been too much optimism about how soon super and other savings kick in, given the work profile now that is increasingly part time or with broken work patterns, particularly for women, but also for others. We see young men working in that sort of pattern. We are not sure that nirvana is getting closer because of this emphasis on superannuation.

Mr ADAMS—And the nine per cent has not gone to 15 quick enough. Now that politicians are on 15 per cent, maybe it will make way for the rest?

Ms Parnell—Maybe.

CHAIR—Are there any other questions? Okay, thank you very much for coming before the petitions committee today. As you know, you will get a copy of the *Hansard* and it will also be up on the website.

Mr Iannazzo—I will leave this?

CHAIR—Yes, that will be good. We will give that to Hansard. Thank you very much.