

6th July 2007.

Secretary
Senate Community Affairs Committee.
Submissions.

Inquiry into the cost of living pressures on older Australians

Dear Secretary.

In response to the invitation from the Australian Senate Community Affairs Committee concerning the cost of living pressures on older Australians the Australian Pensioners and Superannuants League Qld incorporated makes the following submissions.

Impact in the price of essentials.

Over recent times it has become apparent that the rising cost of living pressures is having a significant impact on the daily lives of Pensioners and self-funded retirees from both a qualitative and quantitative perspective.

The rising impact on the price of fuel particularly petrol has placed an added burden on Pensioners and Superannuants in their ability to maintain an active life and has forced them to rely more on the needs of public transport. This is particularly so for those Pensioners who live in remote and regional areas and where the services of public transport is less available.

This impact is reflecting on the daily lives of Pensioners and Superannuants in many ways and forces them to rely more on the assistance of their immediate families for alternative transport arrangements. This impact not only curtails their ability to continue an active healthy and social life with friends and various community organisations but also places restrictions on them to maintain essential medical and hospital appointments with their doctor or hospital. Regular health and medical checks together with necessary medical prescriptions become essential for Pensioners and Superannuants in maintaining their lifestyles.

In addition, the rising cost of fuel has also had a serious impact on those Pensioners and Superannuants who rely on oil heating for their homes during the winter months. All would appreciate that it is imperative for elderly people during the cold winter months to maintain a warm living environment for both health and comfort reasons. To keep costs down as a result of rising fuel costs Pensioners and Superannuants during the winter months are either forced to reduce the use of their oil heating appliance (further impacting on their health) or use alternative heating appliances eg electric which increases the cost their power.

The increasing cost of petrol is also adding to the increase cost of food particularly essential and basic food items forcing Pensioners and Superannuants to shop for cheaper and inferior items. If as a result of rising costs Pensioners and Superannuants are forced to reduce their daily food intake both qualitative and quantitative then we expect a deterioration in the well being of their health which would likely result in further pressure on our National health system.

COST OF HOUSEHOLD UTILITIES

Over recent years the cost of running household utilities has had a significant impact on Pensioners and Superannuants.

In addition to the normal ongoing costs that consumers in general have experienced as a result of increases in gas and electricity that have been passed on by energy suppliers. Further pressure is being experienced by Pensioners and Superannuants on

the costs of running household utilities as a result of the Federal Government National Competition Policy of deregulation within the Energy industry.

In accordance with this policy the Queensland Government has announced that as from July 1st 2007 the retail section of the Energy industry will be opened up to Full Retail Contestability plus a 11% increase in the cost of power.

From a Federal Government perspective the strategy of deregulation is designed to give consumers greater choices, increase efficiency and lower costs. The already announced increases by the Queensland Government of an 11% in the cost of energy is hardly evidence that deregulation is going to provide cheaper power for consumers particularly Pensioners and Superannuants.

While deregulation of energy providers has been operating in other states for some time the jury is still out on whether the introduction of Full Retail Contestability for residential consumers particularly Pensioners and Superannuants is ultimately beneficial.

Some of the experiences of the other states include the following.

- * Benefits not as great as promoted initially.
- * Varying consumer interests in and uptake of market contracts.
- * Increased consumer complaints re marketing, billing, transfers and disconnections.
- * Prices not transparent and difficult to compare.
- * Pressures to increase regulated prices to create profitability for market contracts.

As a result of the experiences in the other states concerning deregulation of the retail section of the energy industry one can only conclude that the costs to Pensioners and Superannuants for running households utilities far from becoming more efficient and cheaper is increasing and placing further pressure on their lifestyles.

COST OF ADEQUATE DENTAL CARE

Over an ever increasing time the cost to Pensioners and Superannuants for adequate dental care is forever rising to such an extent that they are being forced to abandon such an important health care. Unable to claim a Medicare rebate for normal dental care Pensioner and Superannuants are being forced to place themselves on the already long waiting list for public dental care.

In a somewhat cunning and cynical way the Federal Government in its 2007-08 budget attempts to portray that they have adequately provided funds to relieve this serious problem of Dental care for Pensioners and Superannuants.

Under the heading Health and Ageing the budget allocates funding over a four year period to allow Dental patients to claim higher Medicare rebates. One would have thought that this concession would provide some relief for Pensioners who have been on the waiting list for public dental treatment. In general terms this will not be the position as eligibility for the higher rebates remain restricted to patients whose dental problems are exacerbating a pre-existing medical condition.

Since the Howard Government scrapped the \$100m Commonwealth Dental scheme in 1996 the number of people waiting for public dental treatment has continued to grow at an alarming rate with over 650.000 people currently on the waiting list. The National Oral Health Alliance which comprises over 30 professional, community and welfare groups had called for \$160m in additional Commonwealth funding rising to \$800m in 2011 to provide oral health checks every two years for low income and disadvantage Australians.

Taken overall the rising costs of living pressures effecting older Australians is having a serious impact on their ability to maintain a health and family orientated lifestyle.

PARTICIPATING IN THE COMMUNITY

These rising costs as outlined in the above submissions seriously effects the ability of Pensioners and Superannuants to remain mobile and restricts them in participating in community organise events including social, volunteer, welfare and other self help programs.

The A.P.S.L whose membership is primarily age Pensioners and Superannuants and with branches throughout Queensland is continually experiencing problems concerning the ability of its membership to maintain their branch activity due to the ever increasing cost of living pressures.

These same pressures are also having a serious impact on the ability of Pensioners and Superannuants to maintain a close family connection. Often living long distance apart the ability of older Australians to maintain a close connection and provide care for their grandchildren is becoming increasingly difficult due to rising living costs.

Because of these factors the opportunity for older Australians to provide care for their grandchildren mainly rely on the ability of the parents to drop the grandchildren off which because of either distance or time factors is usually not possible placing further isolation on older Australians from their families.

LACK OF TAX AND OTHER CONCESSIONS

It is beyond any doubt that the current arrangements concerning tax, superannuation, pension and other concession benefits are totally inadequate for Pensioners and Superannuants to meet the continue rising costs of living expenses.

The main issues concerning these arrangements can be highlighted as follows.

- * Maintaining a tax on the age pension.
- * Failure to lift the income test for pensions.
- * Discriminating between the rate paid to a single pensioner and the rate paid each to a couple.
- * Failure to increase the Superannuation guarantee levy for future retirees.
- * Discriminating between the Pharmaceutical allowances paid to a single pensioner and the rate paid each to a couple.
- * Failure to adequately increase rent assistance to reflect market increases.
- * Failure to have PCC cards accepted and valid in all states.

The impact of Government policies over the last ten years across all portfolios have in general terms lower the living standards and place added burden on older Australians.

As a result of Government policies Pensioners and Superannuants are now paying a greater portion of their disposable income on basic living commodities with less subsidy then they where 10years ago.

Although Pensions are adjusted twice yearly according to CPI movements in March and September the formula and basket of goods that are used to arrive at the CPI figure is not a true reflection of the overall movement in the cost of living which means that in real terms the value of pensions are declining in comparison to the real cost of living.

IMPACT OF GOVERNMENT POLICIES

Other government policies and decisions that have impacted on older and disadvantage Australians over the last ten years can be highlighted as follows.

- * Abolition of the Widows pension March 1997.
- * No new claims for Widow allowance after July 2005.
- * Abolition of the Mature age allowance.

*Introduction of G.S.T.

*Adjusting the maximum hours worked from 30 to 15 to be eligible to make a claim for a Disability Support Pension.

Another feature of Government policies that is likely to impact on Pensioners income and lifestyles is the Governments Work choices Legislation.

In addition to adjusting pension based on the movement of the C.P.I at the end of the March and September quarters there is also the formula of adjustment based on 25% of the Average Male Total Weekly Earnings (AMTWE).

The purpose of calculating the AMTWE is that all earnings including overtime, shift penalties, allowances and all forms of loadings are taken into consideration. If these additional payments are eliminated or reduced from workers pay packets then overtime the average weekly earnings must also show a downward trend.

A report in the Sydney Morning Herald (17th April 2007) revealed that 45% of Australian Workplace Agreements (AWAs) have stripped away the entire award conditions that the Federal Government promised would be protected by law under Work choices. The statistics, which the Federal Government had at that time been refusing to release also, show a third of the individual employment contracts lodged during the first six months of Work choices provided no wage increases during the life of the agreement.

When it came to payment of overtime, shift work loadings, penalty rates and other allowances the same report revealed that on average 63% of these penalties had been reduced. Over time this serious erosion of payment of penalties rates which were established over many years of struggle will reduce the average weekly earnings and subsequently must affect the overall value of Australian Pensions and Pensioners lifestyles.