

SUBMISSION: COST OF LIVING PRESSURES ON AGE PENSIONERS

I take this opportunity to thank the government for the generous \$1000 bonus received on 28th June 2007. After 52 years in the work force, followed by 10 years as an age pensioner, I greatly appreciated the gesture. It was nice to see in print, acknowledgment that we contributed to building the Australian economy, during our time.

Fortnightly Pension for Couples [both full pension]

My recommendation for new bases for pensions and indexation are as set out:

- (i) Base the pension for each of a couple on the fair pay commission minimum wage. This was increased, in July 2007, to \$522 per week;
- (ii) Base the indexation, which is applied each 6 months, on federal politicians' annual salary review increase. This is 4.2 per cent at July 2007;

New Pension:

Pension for each of a couple	\$522
Pension for each of a couple	<u>\$522</u>
Fortnightly pension for a couple	\$1044
Fortnightly pension current	<u>\$877</u>
Increase per fortnight	<u>\$167</u>

This increase is about 19 per cent. That is 1.9 per cent P.A. for the last 10 years of neglect.

New fortnightly pension March 2008	\$1044
Indexation 4.2 per cent	<u>\$ 44</u>
Fortnightly pension couple	<u>\$1088</u>

The recommended new system is deemed necessary since the current one is no longer effective. About the only thing in Australia which increases annually in line with the consumer price index is the age pension. The pension has fallen so far behind that a new formula is required. Market pressures force most pensioner necessities up by about 5 per cent each year.

Pensioner Bonus Scheme

This was introduced in 1998, for people who continue to work and defer claiming the pension. In 1998, the bonus paid to a couple who deferred claiming the pension for 5 years totalled \$39,000. But the catch was that if a couple had already claimed the pension the bonus was not payable.

It is my opinion that, because it was not made retrospective, it was a nasty piece of legislation. I urge that the scheme be dated back to Howard's election. It is never too late to amend. That way, Howard will pick up a few more votes, which he deserves. Howard and Costello are, by far, the best managers of the economy since Federation.

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Rent assistance

It appears that 3 bedroom houses in metropolitan areas cost around \$600-\$700 per fortnight to rent unfurnished. Whether the occupants are single or a couple, the rental cost is the same. So, why different amounts of assistance, in the rates schedule?

Holiday accommodation

We have enjoyed visiting a sea side resort about 5 hours drive north of Brisbane. There are about 130 houses and units to let in the area. One particular house is rented on the basis of "bring your own linen" plus doona and heater in winter. It is fifty or so years old. The rent has increased 10 per cent, 11.4 per cent and 10 per cent over the last three years. Weekly rent is \$365 which increases to \$700 in school holidays. In the same street, there is a new house for \$585 which increases to \$800 in school holidays.

The cost of a motel room took off with the advent of the GST. What was \$40 is now around \$95. With a canary's breakfast added it is \$105.

Motor vehicles and repairs

It appears to me that most pensioners, who are still mobile are driving vehicles 10, 15 and 20 years old. Cars start to pack up after 6 years. By year 10 it is normal to have paid horrendous bills on replacement parts. During years 7 to 9 apart from regular servicing and tyres, major costs were \$480, \$1500, \$2200 and \$465. Then at year 10 a highway breakdown through over heating only cost \$200 to fix.

Petrol

The cost of petrol has greatly curtailed our activities. This has caused our social isolation. We are becoming hermits in our own homes. When petrol was 65 cents per litre cheaper we enjoyed car trips throughout south-east Australia. Travel was between Adelaide, Melbourne and north to Cairns but it is now beyond our reach.

Recommendations

The government should issue to pensioners a Petrol EFTPOS Card. This would entitle them to 20c per litre reduction. This is to be made up of 10c of GST and 10c of excise.

Rail fares

Have you noticed what it costs pensioners to travel on the 3 great Australian train trips? Please have a look at return fares:

- (i) Brisbane to Cairns
- (ii) Brisbane to Sydney, Adelaide and on to Darwin
- (iii) Brisbane to Perth

Those trips are way beyond our reach.

Electricity and council rates

The increases in these have now passed the utilities allowance of \$106 p.a.. July 2007 increases just announced are:

- (i) Queensland electricity up 11.1 per cent
- (ii) Logan Council rates up 3.38 per cent

Income tax

All Australians, on the full pension, should be exempt from income tax with no need to lodge a tax return. What I am attempting to explain is this. The same criteria adopted by Centrelink to grant a full pension be adopted by ATO to grant exemption from tax.

This submission is from Lindsay J Kayess.