

July 16, 2007

The Secretary,
Senate Community Affairs Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Secretary,

Cost of Living Enquiry

We would like to offer the following comments to the Enquiry. We are retired people living on a part Age Pension and part Allocated Pension.

1. This raises problems for us as, if the capital value of our Allocated Pension rises (as it has over the past few years) then our Age Pension is reduced even though there is no extra income to us from the investment.
2. We think that assessing the pension figure (before any deductions because of the “deemed” value of our investment, home contents, car etc) as a percentage of average male weekly earnings is an insufficient base from which to start. It takes no account of the actual cost of living for retired people.

We are reasonably healthy, are able to move about, use public transport wherever possible, volunteer in support of various Church and community groups, try to live frugally and keep careful note of our expenses. We have had no significant changes in our lifestyle over recent years. Yet, since 2000:

- Council rates have risen from \$518 to \$779
- Cost of electricity (we cannot have gas) has risen from \$324 to \$660
- Groceries have risen from \$3037 to \$5790
- Fruit and Vegetables have risen from \$1059 to \$1521
- Medibank fees have risen from \$1299 to \$2292

A further worry to us about using this average figure is that it hides differences between States cost bases. Added to this is the possibility that this figure will be lowered by decisions made about wages under the “Work Choices” legislation. Finally, the occasional special payment decided by the Government would be much more useful if they were built into the pension rate, rather than as one-off “gifts”.

3. As pensioners we receive a rebate on our Council Rates, but it has been set at a fixed dollar amount since about 1996, despite the significant rise in actual rates.
4. While the NSW public transport allowance for train, bus etc is of help to us, it does not apply for us in other States, which makes traveling interstate more expensive.

We hope that these ideas are helpful to the committee, and that you are able to devise a more equitable arrangement for setting all Pensions.

Anne and Bill Byrne