



THE SALVATION ARMY
AUSTRALIA SOUTHERN TERRITORY

Response To

The Australian Senate Community Affairs
Committee

Inquiry Into The Cost of Living Pressures on
Older Australians

Prepared by

The Salvation Army
Australia Southern Territory
Territorial Social Policy and Resource Unit

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The Salvation Army is a major provider of social programmes and support to the Australian community. The Salvation Army's social and community services are an integral part of its role as a Christian church demonstrating a commitment to the provision of services which address the physical, emotional, social and spiritual needs of people.

Priority for The Salvation Army's community service provision is given to those in greatest social need; the most marginalised and disadvantaged of our community. As such, The Salvation Army plays an active role in providing services for the homeless, those experiencing financial hardship and in need of material assistance, young people, women and children escaping domestic violence and those with alcohol and drug problems as well as those in the court system or unemployed.

The Salvation Army has a long history of working with older Australians and welcomes both the 'Inquiry into the Cost of Living Pressures on Older Australians' and the opportunity to present a response for consideration by the Senate Community Affairs Committee.

The Salvation Army further acknowledges that Australia has entered a period of significant demographic change. Whilst an ageing population can be one indicator of a nation's well being, it also poses a series of public policy challenges that require sound, collaborative and proactive responses.

This submission has been prepared by The Salvation Army Australia Southern Territory, which provides services throughout Victoria, South Australia, Tasmania, Western Australia and the Northern Territory.

This submission addresses, in particular, points 1, 2 and 3 of the Terms of Reference of the Senate Community Affairs Committee Inquiry into the Cost of Living pressures on older Australians and focuses on the needs of disadvantaged older Australians.

TERMS OF REFERENCE (a)

The cost of living pressures on older Australians, both pensioners and self-funded retirees including:

- **The impact of recent movements in the price of essentials, such as petrol and food;**
- **The costs of running household utilities, such as gas and electricity; and**
- **The cost of receiving adequate dental care.**

The Salvation Army is a major provider of Emergency Relief Services across Australia. Emergency Relief is the provision of practical assistance to individuals and families experiencing financial crisis. Data indicates that 10.6% of people assisted by The Salvation Army Emergency Relief Services during 06/07 were aged over 55 years.

A breakdown of this data, by age group, is as follows:

<u>AGE</u>	<u>PERCENTAGE OF CLIENTS</u>
56 – 60	35.8%
61 – 65	23.9%
66 – 70	14.4%
71 – 75	8.9%
76 – 80	4.4%
81+	12.6%

Salvation Army data along with case studies, indicate that older Australians are experiencing difficulties in the following areas:

- Food costs;
- Petrol costs;
- Utilities such as gas, electricity and telephone;
- Health care costs; and
- Dental care.

The following is a brief description of the experience of one older Australian who attended a Salvation Army Community Support Service as a result of financial hardship.

At the age of 82, Harry was referred to a Community Support Service for financial assistance. Harry's only daughter was living overseas and in an effort to maintain contact with her, he had run up an excessive telephone bill, which he was unable to pay. As a

result, the telephone had been disconnected. Harry lost contact with his daughter and was isolated from his family and community. In an effort to pay the telephone bill to have the service reconnected, Harry was not eating, and not using heating or his vehicle. All of this contributed to his sense of isolation as well as exacerbating existing health conditions.

Salvation Army Community Services staff were able to assist with a part payment of the telephone bill and arrange for the telephone to be reconnected. A manageable payment plan was also set in place. A support worker visited Harry for a three-month period providing practical assistance including transport. Harry was assisted to link into other support services available in the community including social activities.

The increased cost of food, fuel and utilities has caused significant strain on the budgets of older Australians living on low incomes, causing many to seek Emergency Relief assistance for the first time. Many are living from pension to pension, making it difficult for them to plan for “unforeseen expenses” which occur for all Australians from time to time. Housing shortages and rising rents, along with increasing health, food and petrol costs are exacerbating the financial situation for many people causing additional pressure for people already struggling.

FOOD, PETROL AND UTILITIES:

Increased food costs cause people to purchase cheaper, less healthy food lines or to go without food. A significant percentage of older Australians presenting for assistance at Salvation Army services are assisted with food and/or food vouchers. In some cases, it has become necessary to provide fresh food and prepared meals to ensure older people are eating appropriately and regularly. Health issues such as diabetes, poor eye sight and heart problems necessitate special dietary requirements, which are often cost prohibitive. A direct consequence of this is a further deterioration of their health.

In addition to the increased cost of petrol in recent years, other costs associated with the ownership of a motor vehicle such as registration, insurance, licensing and vehicle maintenance can be cost prohibitive. Salvation Army workers are aware of older Australians who own vehicles but cannot afford to use them. This further increases the social isolation experienced by older people.

Excessive utility costs cause some older people, particularly in the winter months, to sit in the cold, or go to bed rather than use electricity or gas. This can be the cause of, or further impact pre-existing health conditions resulting in the deterioration of their overall physical and emotional well being.

HOUSING:

As demonstrated by recent media coverage, it is clear that housing costs (both rent and mortgage payments) for many people are in excess of 30% of their total income. This is true for older Australians as well, and it affects their financial stability as well as their emotional well being. Access to affordable, accessible housing options is clearly an issue for disadvantaged older Australians and it is critical that more options are made available.

Increased costs associated with the maintenance and repairs of housing causes undue stress upon older Australians. Whereas the homeowner may have undertaken some of these maintenance tasks themselves in the past, increasing vulnerability requires the use of tradespeople, often at considerable cost.

HEALTH:

The cost of adequate dental care, along with the limitations of the current public dental system means that many disadvantaged older people have poor dental health. Waiting lists for general dental care, through the public health system, are excessive. Long waiting periods encourages adults to seek quicker, less appropriate or comprehensive dental care, with many disadvantaged people ignoring the need for appropriate dental care altogether. Older people on a pension have little capacity to save for large cost items and their capacity to cover the cost of dental care is limited. The inability to afford or access adequate dental care can cause distress for older people, given they are at an age when oral health affects the quality of life

significantly. The well being of disadvantaged older people can be improved significantly through the provision of better access to personal dental care.

The high cost of health insurance excludes disadvantaged older Australians from accessing private health care. High premiums are unaffordable, necessitating the need to access public health systems. For many, this means unduly long waiting lists for vital health care and medical treatment, thereby risking increased health complications and, at times, further isolation from family and social networks.

The Pharmaceutical Benefits Scheme currently does not cover all medications. This can mean that older Australians can be paying a significant percentage of their income to cover medication required to manage on-going health conditions.

INSURANCE:

As with Health Insurance, the high cost of premiums for all forms of insurance, including car, house and contents, is cost prohibitive for disadvantaged older Australians. This can cause older Australians to risk driving uninsured vehicles resulting in increased risk and stress. Neglecting house and contents insurance can be the cause of further stress should there be property damage, loss or theft.

OTHER ISSUES:

All of these issues are further exacerbated should one partner require full time care necessitating entry to an aged care hostel or nursing home or other similar care option. Significant hardship can be experienced by the partner remaining in their accommodation, due to the loss of an income. Two incomes are suddenly reduced to one with similar costs for rent, utilities and basic essentials remaining. In addition to this, the partner in care receives only 15% of their pension to cover necessities such as personal requisites, clothing, haircuts and social activities.

The cost of a funeral for a surviving partner can be excessive, causing undue financial hardship at a time that is already emotionally and physically challenging. Limited assistance may be available under some circumstances. However, the majority of disadvantaged older Australians are not aware of the support options available.

TERMS OF REFERENCE (b) and (c)

The impact of these cost pressures on the living standard of older Australians and their ability to participate in the community;

The impact of these cost pressures on older Australians and their families, including caring for their grandchildren and social isolation.

Social isolation is an increasing issue for older Australians accessing Salvation Army services. Many of these people are isolated from both family

members as well as the community for a variety of reasons thereby impacting their well being. It is important for the well being of older people that they are able to participate in community life. The development of a vibrant community relies on young people connecting with older Australians and benefiting from their life experience and wisdom.

The need to commit increased funds to provide the necessities of life, severely limits the ability of older Australians to participate in community life. In addition to this, the increasing cost of social activities can be prohibitive.

The accessibility of public transport for older people can be an issue. Personal safety and physical security with regard to public transport is also an issue, as older people increasingly feel vulnerable, given their age and the increased levels of violence in the community.

Health issues, along with excessive waiting periods for treatment, further impacts on family relationships and contributes to a greater sense of social isolation.

Significant numbers of older Australians are caring for their grandchildren. Some older Australians are caring for adult children with disabilities. This impacts significantly on the social, emotional and physical well being of both the carers and the children being cared for.

RECOMMENDATIONS

The Salvation Army Australia Southern Territory recommends the following:

1. The development of a National Housing Affordability Strategy which includes a specific focus on the housing needs of older Australians in light of an ageing population;
2. A review of the Pharmaceutical Benefits Scheme to broaden the scope of medications covered;
3. The development of a National Older Australians Dental and Eye Care Strategy providing free annual check ups, as well as increased subsidies;
4. Increased funding to services that older Australians identify with or receive services from (i.e. medical services, Home and Community Care etc.), to ensure their basic needs are met and maintained;
5. The facilitation of a Community Education Programme which aims to:
 - Raise the profile of older Australians within the community;
 - Inform older Australians of the various community supports available to them.
6. In light of the changing demographics in Australia, including an increased aged population, governments to commit themselves to investing in research designed to assess the impact of an ageing population as well as improve the quality of life of older people.

CONCLUSION:

The Salvation Army recognises and values the important contribution of older Australians to society. Older people are a growing and vital sector of the Australian community. The importance of their on-going participation with family members as well as within the community is crucial.

The Salvation Army endorses national policy and programmatic directions designed to promote the well being of older Australians.

The Salvation Army would welcome the opportunity to provide further input or to participate in on-going dialogue with the Senate Community Affairs Committee regarding this inquiry.