

19 July 2007

The Secretary
Senate Community Affairs Committee
P O Box 6100
Parliament House
Canberra ACT 2600

Dear Sir

Submission to the Inquiry into the Cost of Living Pressures on Older Australians.

I am a 76 year old self funded retiree who receives a small supplementary pension from Centrelink for which I am grateful. I appreciate the opportunity to participate in this Inquiry; however I am critical of the short response time allocated for public and individual submissions to be submitted.

In my instance the most recent movements upwards in essentials such as food, in particular fresh fruit and vegetables, and petrol are impossible to absorb without cutting back in an already difficult budgeting task.

1. The cost of Fresh Food and Vegetables

It can be argued that the cost of petrol is controlled by world market forces which I appreciate however the same cannot be said for a good many basic food items, milk, meat, bread and fresh fruit and vegetables.

To blame the drought is just too simplistic. One has only to compare the costs between three supermarkets in my area to conclude that the monopoly held by Coles and Woolworths is certainly anti competitive and not conducive to keeping prices down for the community.

A comparison of fresh fruit and vegetables between Woolworths, Coles and Aldi in Pialba, a central suburb of Hervey Bay, on the morning of July 18th gives rise to speculation that statements by the big two that "They are giving the public the best value possible" is good public relations and little else.

The schedule of costs below did not take account of any specials and only included Australian grown products. A further comparison of staples such as bread and milk also illustrates that the major players are, in the main, more expensive. A table is attached at Annexure A setting out the costs of these items.

This exercise illustrates the difficulty people on limited incomes have of accessing produce at reasonable prices.

It would be simplistic to say that people can shop around; however this is not easy with many older people having limited mobility and the cost of petrol to drive from one centre to another. In addition many older people no longer drive and with the lack of public transport or mobility problems are not able to go from shop to shop taking advantage of which has the lowest price on the day.

2. The Cost of Household Utilities such as Gas and Electricity

Again there has been scant recognition that Government policies of deregulation and privatization have not delivered on the benefits of lower prices promised to the community. Almost daily we see predictions of substantial price increases in electricity and water costs.

Once again these essential utility cost increases cannot be offset other than by lowering an older person's quality of life.

We do not have the opportunity to work overtime or more hours to earn more, our incomes are fixed. Nor do many older persons have the option of purchasing newer, more energy efficient equipment. Our only option to cope with these increases is to use less. In the instance of power to not use heaters on cold nights or ovens to cook.

3. Dental Care

Dental care, or more to the point, the lack of it, is a problem which has the ability to cause older persons enormous discomfort being a two edged sword whereby skyrocketing costs along with unacceptable time delays for treatment can make older persons life a living hell.

This year my own dental costs exceeded \$9000 which had to be covered by dipping into my meager capital reserves. Of course I could have taken a cheaper option and had all the teeth requiring attention extracted but this would have left me with a whole new set of problems. It is beyond my capacity, and that of many other older persons to have appropriate dental health insurance.

To put it simply, the cost of adequate dental care for many older persons on fixed incomes is out of reach and not obtainable.

4. The Impact of these cost pressures on the living standards of older Australians and their ability to participate in the Community.

One must always be mindful of the fact that the majority of older Australians lifestyle is governed by their financial resources which in the majority of cases, especially those of older females, are limited.

To participate in the community generally, and especially at community events requires adequate resources and if resources are not available then one goes without.

Travel within many communities is not covered by adequate public transport systems therefore many are captive to private transport by car and taxi. Taxi operators, whose costs are escalating, by necessity pass these on to the end user, often the elderly in our community.

Although taxi vouchers for subsidized taxi travel are available from state governments these are often so difficult to obtain that many are precluded due to the strict criteria.

Transportation costs certainly impact on an older person's ability to participate in community activities which in many instances is their only form of social activity and interaction.

Those older persons who have the resources play a valuable part in the community volunteering and are out and about. Many older persons with insufficient resources can barely afford the fortnightly shopping trip so just stay home and vegetate. Even a trip to the local library becomes a luxury. Who was it that said 'The golden years of our retirement?'

Health Insurance is another area of concern. I have adequate health insurance, but we are only able to afford this as my wife works and brings home a small wage which supplements our income and pays the health insurance. When she finishes work in the years to come I am unsure as to how we will meet this needed expense. Many older people of my acquaintance have let their insurance lapse due to financial pressures and are forced to delay needed medical treatment which impacts heavily on their quality of life.

5. The impact of these cost pressures on older Australians and their families.

In my instance I have a frail 89 year old mother-in-law who is confined to a nursing home. She is in poor health and needs constant care and relies on my wife to supply her with company and the bits and pieces that ladies require and which fall outside the parameters of the nursing home care.

My wife visits her mother at least three times a week, but again there is a substantial cost involved in this as the vehicle travel amounts to between 100 and 150 kilometers per week, again the increased fuel costs have to be met by cutting back in other areas. There is no public transport available.

These costs would affect many other people in the same position and would impact more severely on those who had to travel longer distances to visit family.

Many older persons of my acquaintance do not regularly see family due to distance and the resources required to visit regularly. The older person who is frail cannot utilise long distance bus travel, in my instance a knee problem prevents me climbing into, and sitting for long periods on coaches so coach travel is not an option, this is the same for many others, so car travel is our only option.

The inability to afford medical and dental treatment when required causes pain and suffering and compounds the original problem which cannot be addressed in a timely manner.

The inability to have timely medical and dental treatment invariably costs the community more in the long run. Instead of having the primary cause treated promptly additional problems are caused by the delay which can lead to longer and more costly treatments and even the need for some to go into care when this could have been avoided.

6. The adequacy of current tax, superannuation, pensions and concession arrangements for older Australians to meet these costs.

It is difficult to determine how best to approach the problem of increased pensions for both self funded retirees and persons on pensions as they are almost entirely dependent on governments to formulate and implement policies which can alleviate the enormous burden many within the community face.

Personally I see initiatives similar to the most recent commitment by the Federal Government to make a \$500 payment for all pensioners as being commendable.

However, in saying that, I believe that the use of the CPI to index pensions while it has its uses, does not truly reflect an increase in the cost of living due to the exclusion of some of those factors that impact on the cost of living and existing for older people.

Perhaps a review committee could be established that has the power to monitor the impacts of essential items such as power, water, fuel, and food, medical and dental costs and in some way devise a system which could reimburse persons for spikes and increases in these factors similar to the Senior Concession Allowance introduced by the Federal Government in May 2007.

The issue of a pensioner concession card to all older Australians over the age of 70, would be of assistance.

The current Commonwealth Seniors Card, while it has its advantages, is not accepted by all parties as is the pensioner concession card.

For instance, our doctor does not accept the Commonwealth Seniors Card for bulk billing but does accept the pensioner health care card. Our local picture theatre again does accept the pensioner health card for concession entry but does not accept the Commonwealth or State Seniors card for concession entry, and so it goes.

The ability for those on pensions to earn a little more before their pensions were affected would also assist those who can to meet increasing costs and improve their lifestyles.

7. Review the impact of Government

Whilst it is evident that all levels of government are aware of the growing number of older persons within the community. It also must acknowledge that there have not always been mechanisms in place for everybody to provide totally for their retirement. Such being the case governments must be applauded for their efforts to date to ensure that the majority of younger workers are now covered by superannuation.

Despite this fact that there are certainly circumstances within the community currently which have not been evaluated properly, such as those who will be in poor physical and mental health earlier due to the effects of alcohol abuse, drugs and lifestyle choices, and these impacts when these people age are not adequately addressed. It can only be hoped that it is not considered all too difficult as the pressures on older persons is not going to go away.

The impacts of the so called National Competition Policy on older Australians have not been fully taken into account.

The continuing absorption of smaller entities into larger corporations in the name of so called competition only seems to lessen the pool of competitors and force up prices as true competition evaporates. This is illustrated in the grocery industry as previously mentioned, the produce industry and in the milk industry where prices to the consumer have increased substantially since deregulation and prices to the producer have lessened.

Deregulation has not led to reduced water, power or gas charges for consumers, all the evidence points to substantial increases as new power retailers increase

prices to recoup costs outlaid in taking over existing power retailers and making a profit.

The above does not bode well for the lifestyles of many older and ageing Australians but shows that in the long run increased belt tightening and going without essential services and health and dental care will be the norm rather than the exception.

CONCLUSION:

I acknowledge that in today's world it is not possible to increase pensions to wage levels. It would be nice if that could happen but in reality it will never happen. The country could not afford it. While the population is aging the current generations of 50 to 70 year olds are much more active have different expectations to their parents. Many of these people, with a little financial assistance will remain active in the community and live in their own homes much longer. Thus saving the community money.

It would be easy to say that the Government could assist the community as a whole with regard to costs of food by ensuring that true competition does take place between the major supermarkets. However as the major players have been allowed to acquire so much of the market place this is highly unlikely to occur in the short term.

To not have the ability to use heating or obtain adequate dental or health care in a timely manner when required has an adverse health impact and lowers the quality of life for many.

We should also acknowledge that many older Australian females face an enormously bleak outlook as they, in many cases, were not eligible for such benefits as superannuation.

Again we observe that all of the components that contribute to the current living cost spirals still have to be met and in most instances occurs by reducing lifestyles and simply going without

Recommendations:

1. That over time the Government move to ensure that Coles and Woolworths divest some market share to promote true competition.
2. That steps be taken over time to ensure that adequate dental care is available to all Australians with special emphasis for those on fixed incomes.
3. That a review committee could be established that has the power to monitor the impacts of essential items such as power, water, fuel, and food, medical

and dental costs and in some way devise a system which could reimburse persons for cost spikes and increases in these factors similar to the Senior Concession Allowance introduced by the Federal Government in May 2007

4. That the Government make a one off payment each year over and above the aged pension as has been done with the \$500.00 this year to assist older Australians cope with increasing costs of food, petrol and utilities
5. That a pensioner concession card be issued to all older Australians over the age of 70, irrespective of income.
6. That older people be permitted to subsidize their income through work or other means to a higher level than at present before their pensions are affected.
7. That the Federal Government investigate the development and issue of a Federal taxi travel subsidy voucher system to older Australians and the criteria for receiving the card be set at a reasonable level.

Once again thank you for the opportunity to put a submission to the inquiry. I would be prepared to address the submission if required.

ANNEXURE A

Item	Coles per kg	Woolworths per kg	Aldi per kg
Bananas	6.95	5.98	4.99
Bagged lettuce	3.98	2.99	2.99
Gourmet Tomatoes	5.25	4.46	4.69
Silver Beet	3.48	2.60	2.48
Broccoli	6.95	5.95	5.99
Sweet Corn 500gram pack	2.95	2.95	2.95
Truss Tomatoes	12.95	9.94	7.99
Celery per bunch	3.45	3.45	1.99
Butternut Pumpkin	3.48	2.92	1.99
Chat potatoes	2.98	3.79	1.99
Sweet potatoes	1.48	2.96	1.45
Green beans	8.98	9.94	8.00
Roma Tomatoes	5.98	6.94	3.99
Carrots	2.25	2.25	1.29
Avocados each	1.25	1.29	0.49
Nectarines	5.48	2.42	1.99
White Bread 700 gram Store brand	2.08	2.29	1.99
Light Milk 1 litre	2.47	3.25	2.55
Total for Items	82.39	76.37	59.80

The above table illustrates either that Aldi is more efficient or that the other two markets appear to be taking advantage of the community by way of market domination. Either way it adversely impacts on older persons, and in fact anyone on a low income.