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

Dear Sir/Madam,

I wish to make the following comments to the above Committee inquiring into the effect of cost of living pressures on older Australians.
I make the comments from the position of a fully self funded retiree couple, and preface these comments with the statement that ALL retired people are "pensioners" it is only a matter of who pays the "pension" and how much.
After food the largest item of expenditure from our yearly income is Government (Federal, State and Local) Taxes and charges.

(1) If retirees incomes increases along with inflation then the increases in the cost of living (food) are not of any great significance, but in most instances this is not the case.

(2) The cost of fuel (petrol etc) is a different matter, The cost of petrol does have a bearing on where we go and what we do. As many retirees are reliant on a motor vehicle for transport where there is no access to public transport, for personal business, as well as community activities, (it a bit hard to deliver Meals on Wheels by bus!). The cost of fuel is inflated to such a large extent by Tax, and Tax on Tax (GST) so that a rise of a few cents per litre on the production cost is magnified at the retail end.

(3) The increases foreshadowed for electricity are bound to make a hole in the monthly budget. Although as we live in the tropics we don't have the need for heating we do have a need for cooling and equal weight should be given for this item when concessions are calculated.

(4) Income Tax on older Australian do have a significant effect on our disposable income. e.g. the Senior Australians tax offset cuts out at around $42,000 if your income is just a few dollars above this point you then have to earn several thousand dollars more to have the same disposable income.
(5) The hotchpotch of regulations on taxable income from the variety of non government pensions that people receive are not applied in an equitable manner.
(6) Capital gains tax on assets used to generate income has the effect that many investments are held beyond the time when they should be liquidated for better management of an individuals income.

Most concessions are granted on the assumption that the recipient is the holder of a Pension Card. This is obtained by meeting either an asset test or an income stream from certain types of allocated pensions etc. The latest limit for the income cut off is around $62,000, however persons with an income far lower than this do not qualify for the part pension, and attendant concessions, because their assets exceed the asset limit.

If I can make a few observation on the present system, I would like to point out that there have been several attempts to update this from time to time, by tinkering around the edges, with the results that there are always some people left worse off.
If benefits are to be given to one section of the community on the basis of Age and Income, then those same benefits should apply to all aged people who have an income at a predetermined level irrespective of its source . (A million dollars worth of Rio Tinto shares will only earn an income of around $25,000. Money lodged on fixed interest looses spending power at the rate of inflation yet this loss is not recognised as a tax reduction)

Your etc
Rex Grattidge