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

Dear Sir/Madam

Herewith I make submission to the Committee on the following issues, vis a vis those outlined in the Terms of Reference. I am a recent retiree (October 2006) and have had some time for my new status as a single pensioner to have effect on my quality of life and standard of living. Please note that I am on the full age pension from Centrelink (currently $265 per week) with a small supplementation from my Allocated Pension of $165 per week) = **$430 per week**. I also am eligible for the various pensioner rebates of rates, electricity, telephone, car registration etc. of approx. and additional Utilities Allowancce (approx. $107 per anum) from Centrelink , totaling in value about $1000 per year.

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

i) The impact of recent movement in the price of essentials, such as petrol and food;
ii) The costs of running household utilities, such as gas and electricity, and
iii) The cost of receiving adequate dental care.

i) Increasing prices of essentials, etc.

Since retirement (9 months) I have become increasingly aware of the climbing prices in the four largest supermarkets (Woolworths, Coles, Bi-Lo, IGA). My current weekly food bill, eating adequately to well, averages at about **$80 per week**. However, an elderly aunt (92 years) still living at home and solely dependent on the Age Pension, counts every cent. **Food at the moment is definitely increasing beyond any 3% inflation rate**.

I believe that this inflation figure does not give an accurate reflection of the real picture for most Australians and hides many factors that should be considered when assessing the adequacy of the age pension and other assistance to senior Australians, particularly those on a fixed income. More so for those who are totally reliant on the Age Pension of approx. $270 per week.

As many people have specific **priority needs**, i.e. housing, food, health care, the 3% inflation figure masks a lot of increases which are not reflected in the averaging factor. Yes, certain goods have become cheaper but they are of the luxury type, rather than the necessary type, i.e. wants vis a vis needs. People with disposable incomes after the above necessities are met, can indulge themselves in this way and I believe this group of people would generally cover the young upwardly mobile (possibly still living with parents). Unfortunately, for those on fixed incomes either through Aged Pension, r low/mediocre Allocated Pension draw-downs have to meet the other needs before they can take advantage of the cheaper white goods, cars, computers, clothing etc. on offer in the stores.

The cost of services, particular of the tradesman variety are of course on the up, with GST to increase the overall price. Whilst aged pensioners are assisted to some extent with allowable rebates, their accounts are still increasing, prompting them to either do without or cut back severely.

Petrol has risen incredibly, but post-retirement I don't have to make a long trip daily. As owner of a Toyota Camry 2003, I find I am paying between $1.20 - $1.29 per litre most times. If I don't go on a long trip (mostly to the Gold Coast – some 35-40 kms away) I can usually get by on $25.00 per week for local trips. The other costs associated with keeping a car (my only means of relative independence) of course is additional.

ii) Household Utilities

Since the property boom and the appreciating capital value of all properties, there has been a concomitant increase in **rates** from councils etc. This is particularly stressful in city areas, depending on the land valuation. Being in a rural area my rates have increased at a lesser rate than metropolitan areas, but I believe the present **<u>$180</u> a year rebate** on a $1050 p.a. rates levy (1000 square metres, only garbage collection and roads – no reticulated water, etc.) for a pensioner to be **inadequate** and should be increased. It has not risen for some years and I believe should be proportionate to the increased valuations most people have experienced. i.e. indexed.

Electricity is also increasing, in spite of a seniors' rebate of approx. $218 a year. This includes the reduction of the compulsory ambulance charge on each quarterly bill, a levy incurred by me previously as a single resident but paying the same as the household rate, regardless of how many people in the house. With the colder than usual winter I have had to run heating devices more than usual. I often find myself getting into bed with the electric blanket on to thaw out or sitting rugged up with blankets when indoors.

Telephone

As an aged pensioner, a saving of approx. $150 per annum is made (line rental reduction of $12.50 per month). This is in addition to receiving a Utilities Allowance of approx. $108 per annum from Centrelink. Nevertheless, this necessity (especially for elderly living alone) has increased also.

(iii) Cost of Dental Care

This was a 'luxury' to me even as a full time worker. Regardless of having a Hospital and Extras MBF policy, dental treatment 18 months ago left me at least $1000 out of pocket. The rebate via PAYE tax after $1500 of costs has been incurred is not a very realistic figure and should be reduced. In some instances less than 50% was returned to me on certain items claimed.

I believe it is **appalling** that dental care was never included in Medicare, as it is just as important to one's health as any other area of medical care. For years before joining MBF, I could not even afford to go to a dentist because of the cost, beimng a full time worker carrying a mortgage, car loan etc. When it could no longer be put off, my elderly father paid for my costs and he was also a pensioner. Enquiries to the hospital dental clinic confirmed my ineligibility and in fact I heard horror stories of the elderly waiting up to 7 years and suffering the consequences of rotting teeth effecting their overall health. Instead of being able to afford **preventative** care when it was most needed, the situation is now that much more costly work needs to be done . There are a lot of toothless elderly with severe digestion problems and indeed serious health problems as a direct result of not being able to access adequate dental care.

d) Adequacy of current tax, superannuation, pension and concession arrangement for older Australians

This is an area which needs to be considered once again., particularly in relation to lump sum payments, termed **Eligible Termination Payments**. Certainly the new superannuation rules will improve things for many people, more especially the wealthy who can afford to roll over up to $1,000,000 over 5 years into an allocated pension. Not so for the majority of us, unfortunately. All **superannution** changes came too late for me to have any real benefit to my retirement income. Superannuation was only available to me at 46 years of age, having taken time out for studies and immediately afterward only being able to find several temporary assignments before obtaining permanent employment. (Ageism, has been alive and well for at least 25 years or more in my experience).

The co-contribution scheme was only available to me for 3 years (including the present financial year 2006/2007 where I worked for part of it. I was paid out for recreation/long service leave credits untaken during my working life, especially for the intention of being able to transfer its cash value to my superannuation.. I had accumulated this leave, in the misguided belief that the cash payout would be able to be rolled over into my superannuation fund, but it was taxed at my normal PAYE rate of 30% and of approx. 8 months accumulated leave credits I lost about $10,000 to taxation. This could have been money in my allocated pension. Whilst I do expect to get some of this returned the larger part of it will be lost.

It would seem that in the case of genuine retirees (those who have actually left the workforce) that **lump sum monies** (ETPs) should be able to be rolled over into their superannuation and thence effectively rolled over into an allocated pension. Just as those retirees who have rolled over up to $1,000,000 without being taxed, it would seem to me to be **a fair thing** that lump sum amounts such as untaken leave credits should be treated in the same manner. I stress this should be the case for genuine retirees, not necessarily those who may take early retirement from an organization but go on to other employment. For that matter, I do not consider it should be impossible to apply some **retrospectivity** in this regard, just as the doubling of the co-contribution for 2005/2006 was made retrospective to its year of introduction.

With regard to the **age pension** itself, I believe that the $130 a fortnight **allowable income** before the pension reduces is a bit harsh and unrealistic. Just as the **Asset taper rate was halved** from $3/$1000 to $1.50/$1000 over the assets limit, so too should the **allowable income be at least halved**, instead of the present 40c/$1 deducted when beyond the limit. This change would have the effect of not only **encouraging those who are able and willing to seek casual work** which would have less impact on their pension, but also **provide a pool of workers to fill certain types of jobs most suited to these arrangements (i.e. paid 'Volunteering' by way of allowances)** but not necessarily to those who seek full-time employment.

I shall demonstrate my point as follows. I presently have two **volunteer jobs** within the community, 1 day a week at the local Community Care Centre (unpaid) and a day here and there (as required – roster between 10 other volunteers) at the local Information Office run by the Tamborine Mtn Chamber of Commerce. I would also like paid employment, but my allowable income of $1600 per annum, ($35 a week) before it reduces, almost makes it impossible to secure work for even a day. At the Information Office where I am presently a trainee, whilst I am a volunteer, I have been informed that I am paid an out-of-pocket allowance of $22 a day mid-week or $30 on a Sunday. On seeking a ruling from Centrelink about how this payment would be viewed , I was informed that as technically an allowance, it would not be considered as income. I believe that retirees could enhance their income by being able to undertake **volunteering** which pays *allowances*, of the out-of-pocket type, that would not be viewed by Centrelink as income. This to a large extent depends on the organisation and its ability to pay allowances to volunteers, but I believe there is a big difference between paying an employee on salary say $120-$140 a day and paying a volunteer an amount of $40 a day as **an untaxed allowance not deemed as income by Centrelink.**

Such a system could provide volunteer organisations with the necessary services they need but cannot afford by way of salaried staff (where overheads have to be covered), and a willing force of volunteers supplementing their retirement income and effectively helping to alleviate financial difficulties. This would be possible at least for younger retirees who are healthy enough to contribute to their community in this way. I know of many volunteers that give of their time freely and on a regular basis, but are struggling to get by on the age pension as their only source of income. In fact my elderly Aunt of 92 years still goes once a week to her job in the Library of a local boys school, and has been unpaid for some 15 years or so. She enjoys what she does and it gives her an interest in the rest of the world outside her immediate environment. I would think that this type of thing would be welcomed by the Government in their endeavours to both keep the elderly in their own homes and still interact with the community in a meaningful way. I believe it could be a **win/win situation** for everybody.

e) **Impact of Government policies and assistance across all portfolio areas over 10 years, etc.**

One major area of concern to myself (and other Australians) has been the fact that most of use have never been able to access to **First Home Owners Grant** available from the Federal Government. This is because, in large part, when the grant was first introduced (an earlier version, similarly named) we had already purchased our first home as the rigid and narrow eligibility criteria was quite unrealistic. A couple had to virtually be buying far less than the average house (of the Housing Commission type) to fall within the eligibility criteria. Nevertheless, when the new FHOG was introduced 5 years ago, flawed legislation permitted people from overseas (i.e. New Zealanders) to access this grant as it was their first house in Australia. I am not prejudiced against New Zealanders and indeed have many as friends, but I do believe there was **an element of unfairness** to Australians who had been employed and paying Australian tax most of their lives, not to be eligible in the same way.

In my own case, I am a divorcee who brought up two children single-handedly with very little child maintenance from a disinterested father ($20 a week per child for some 12 years or more) . These difficult financial circumstances reduced my ability to plan for a better retirement income, as at the age of 48 years I found myself having to provide another home without any FHOG assistance. I have only just paid out the balance of the mortgage which in turn depleted the superannuation figure (after commencing in 1989) that could be rolled over into an Allocated Pension.

I am hoping that all the comments I have made on the various issues to be considered by the Senate Committee will be given serious consideration. They are basically how I see myself as a Senior Austalian and retiree, but have also been gleaned from discussion and comments from others similarly effected.

Yours sincerely

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