

**National Union of Retired Workers
Rockhampton Branch
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SUBMISSION TO SENATE INQUIRY INTO PENSIONS

The Senate Committee on Pensions look into the following recommendations:

1. Allow for PENSIONERS, SENIORS AND THE DISABLED to have access to a system which allows them to present their Pension or Seniors' Cards to outlets such as supermarkets, fuel stations and other services (such as household electrical items) to have the GST removed from their payments.
2. That the Committee also look into a modelling for an increase in pensions at the rate of 2% per year, allowing it to bring the SINGLE Pension rate up to a minimum of 35% of the REAL average male rate of pay, and not as it is now. ie based on an overall payment averaged out on people who work 12 hours per day up to a normal working week of 38 hours. We expect that we should have our rate based on a normal 38 hour week payment. An appropriate increase also acted upon for COUPLES.
3. A pass be recognised nationally for Pensioners & Seniors to travel intra and inter state by rail, road or air at only a booking fee similar to that which is in force now for rail travel in the home state.
4. A National Day is set aside to recognise the contribution which retired workers have made to the development of our great country. These people have, in some cases, been involved in service to their country in time of war and have also fought in the trenches to bring about industrial fairness. They have also been responsible in bringing about wages reforms as well as their contribution to this great nation by paying their fair share of taxes. The day, which would be appropriate, is DECEMBER 3, which as you know is Eureka Stockade Day.
5. Rent assistance also needs to be closely looked at. Pensioners are under stress to meet rent payments if they are not in a position to be living in their own home. A case in point is where a couple's rent has been increased by some 33 1/3% in 3 years. This increase, I believe, is somewhat less than average as it a Council controlled Estate for seniors. However, the normal amounts of increase are somewhat larger. We have reports of \$60.00 at the end of a lease and more in some cases. The rent assistance has been reduced, although the rent has gone up.
6. Free local travel on Local Government bus and rail should be provided in the town or city of residence. This will help Pensioners with costs associated with their day to day living expenses such as shopping and attending doctors appointments etc.
7. The superannuation level for persons currently in the workforce should be raised to 15% for employer contributions – this should help to alleviate future problems with retirees.

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8. Notwithstanding, support is given to the AMWU's submission into Pensions and the above should be additional points raised by the National Union of Retired Workers.
9. Please find below some information to support our claims.

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Retirement incomes and ageing Australia's predicament have now seen both government and opposition make major statements. The attempt by the government to divert attention with the "\$8 billion pension hole" from what appears a more considered response from the opposition than the government, has unmasked a con trick on pensioners dating back to 1997. This seems to have been hidden from even the long time opposition spokesman on the issue until now.

In 1997, shortly after the current government came to power, age pensions were indexed to CPI but subject to a new revolutionary provision of not being lower than 25% of "average weekly earnings". Historically age pensions had been compared to 25% of AWOTE (Average Weekly Ordinary Time Earnings for full time adults). This is one of nine different series compiled by the ABS and is the one used in

superannuation tax law for pension RBL's and contribution limits. AWOTE is a reasonably stable earnings series because it's for standard hours (no overtime which is variable). Historically (pre 1982) a males only based AWOTE was in use and this was better still because female participation rates are quite variable - but that's harder to argue a case for in a modern non-sexist world.

Anyway when this revolutionary protection was legislated in 1997 a new term was introduced (not an ABS standard term). This term was MTAW (Male Total Average Weekly Earnings). At first glance you might think this "Total" figure must be higher than "Ordinary" old AWOTE. Well it turns out the really significant effect of MTAW is that it groups together full time and part time employees in an "All Employees" figure. As part time earnings are much lower than full time, the 25% MTAW is lower than what everyone thought was 25% of Average Weekly Earnings (AWOTE) - 4.4% lower in fact. The Single Age Pension is currently \$226.40 which is 24.58% of AWOTE. So if it were indexed to 25% AWOTE it really should be \$230.25 (25% of AWOTE) or \$200pa extra for singles.

Posted Thursday, 18 March 2004

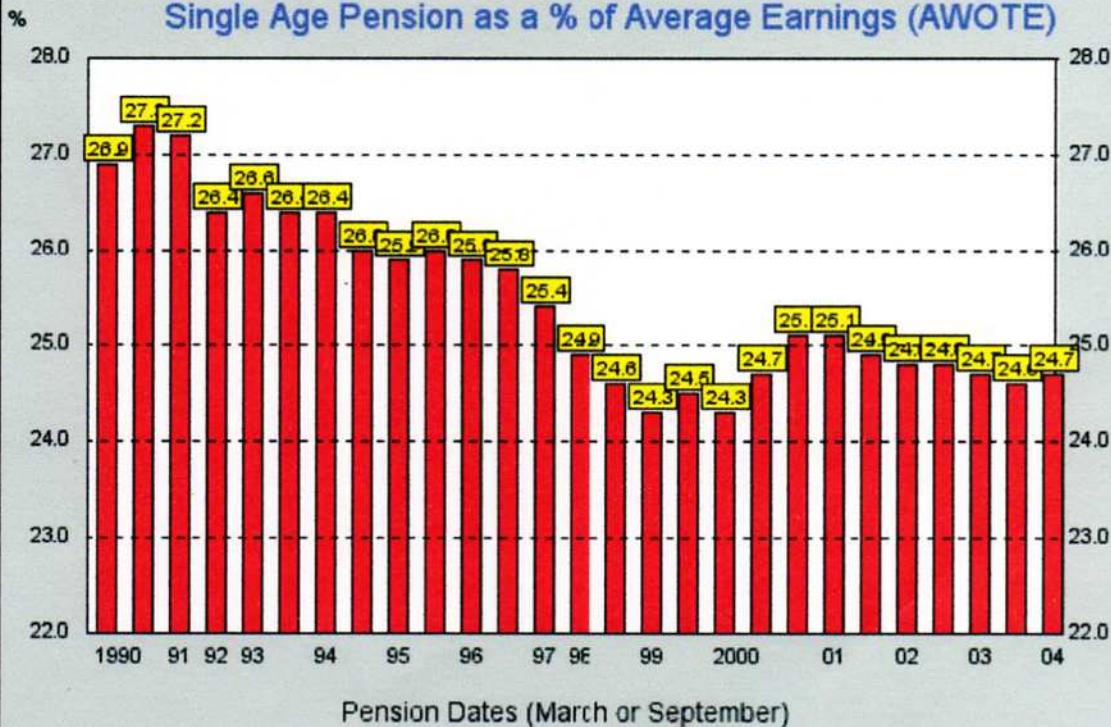
Basic Food items up 6.8%pa

Today the ABS released a list of retail prices for 50 common food items in all 8 capital cities for September quarter 2007. This list was first published in December 2004. Since the quantity of items is constant it's an easy way to track this component of living cost. Average price rise across all capitals and the 50 items is 6.8%pa.

Some eye raising price rises are 29%pa for toilet tissues, 16.1%pa for a case of beer, 28.7% for bananas and 45.5%pa for toilet soap. Prices fell for only one item on the list which was a leg of pork which fell in price by 0.6%pa to \$6.89 a kilo. This is pretty amazing given the crisis in pork supply in China which has seen the price of pork there rise over 40% this year and is pushing China's inflation rate as increasing incomes lift consumption.

Posted Wednesday, 31 October 2007

Single Age Pension as a % of Average Earnings (AWOTE)



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