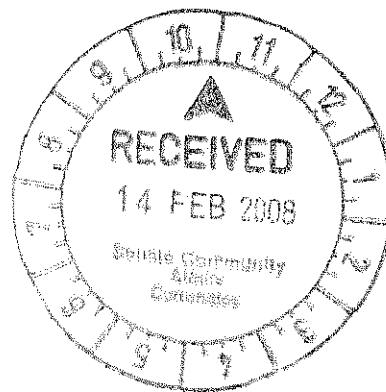


30.07.07.

Senator Jan McLucas,
Shadow Minister for Ageing,
PO Box 2733,
Cairns,
Q. 4870.



Dear Senator McLucas,

I would like to make a submission to the committee set up to consider the adequacy of the Age Pension.

I am at present aged 69, and was formerly a Senior English teacher and administrator first with the SA Education Department then at highly regarded Independent schools in SA and NSW.

However, I was not given Superannuation by any school until 1978-86, and then not again until it became compulsory in 1991. Meanwhile I paid into an independent fund which was mishandled and later lost all that I had accumulated through the actions of a solicitor.

Thus I am now living alone in my own home and solely dependent on the Age pension.

The pension has fallen far behind basic living costs to the extent of at least \$120.00 per week. Those in my situation are borrowing and accumulating a compounding interest sum as a debt on our only asset, the home, while other people get to keep theirs intact.

If we can get any paid work, Centrelink reduces the pension by 40 cents in a dollar, so that we could never work enough hours to reach the poverty line. Most people do not pay this rate of taxation on income.

Thus there is a double inequity for those (usually women) whose employers only paid men superannuation and paid higher wages to men and promoted men to better paying positions than equivalent women.

I believe that privatisation should have paid a dividend to the past taxpayers to ensure that the assets which they had paid for provided a comfortable minimum living standard, but the cost of services and utilities has outpaced the pension.

Also I feel that the Future Fund has been set up to benefit those who are at present doing well and accumulating, while totally ignoring the moral and ethical concerns of providing for those who are now over sixty five and who did not have such benefits. No prosperity for them, just fear and anguish, like a black hole of insecurity.

I would like to see:

- 1) The exact number of people solely dependent on the Age pension revealed.
- 2) The numbers of the above who wish to remain independent in their own homes.
- 3) Immediate increase of the age pension for these to an effective \$400.00 per week, not necessarily all in cash.
- 4) Immediate removal of the 40 c in dollar reduction of pension for extra earnings.
- 5) A clear statement and public recognition of the level of the poverty line for a single pensioner and a couple, and the existence of severe poverty and disadvantage of a significant number of elderly Australians.
- 6) Policies produced by the major political parties to engage with the above deficiencies.

2.

I am enclosing support material including an article written by me and shortly to be published in *The Adelaide Review (Poor Old Things)* and various newspaper articles which give useful facts and figures and their sources.

I believe that this problem is severe, mostly ignored, and needing to be urgently addressed. I believe that the health problems of the pensioner over sixty fives are compounding as a result of living in poverty and extreme stress.

The responses which I received from the Ministers Peter Dutton and Mal Brough showed an inability to grasp the problem, telling me only what the government is doing for the retirees who have additional funds and also have the pension as a supplement to their existing assets. Neither addressed the problem of the pension being insufficient to meet living costs when it is the sole income for an aged person.

I believe that the number of those affected will reduce in the course of time, and are not sufficient to require a huge amount of funding. In other words, it is do-able.

Yours faithfully,

Jeanette Lindsay.

In particular, this submission is on behalf of the many independent women who have been disadvantaged during their working and family lives by severe inequalities in the workplace and in financial matters, in particular relating to superannuation.

Re: Age Pension.....

The Pension is at present falling short of the sum required to meet the most basic cost of living, particularly for single aged persons.

The sum of \$268 p.w., or \$449 for a couple, falls far short of the poverty line (\$365.00 p.w. for a single person). For those with no power or resources to supplement the pension to meet the gap, there is a frightening prospect of a present and future of extreme poverty, decline and debt traps.

We are seeking:

1. Recognition of the problem that there is a gap for those pensioners without supplementary resources. (superannuation, property, savings accumulated)

The previous government addressed only the retirees with assets, in order to protect and multiply their accumulated retirement funds. The idea that the "haves" are frugal and the "have-nots" are careless and undeserving is a sub-text here.

Employers before 1991 could evade payment or co-payment of super. Mostly only men and unmarried women were included.(not part timers or casuals.)

2. Addressing the problem. : Two measures could be undertaken:

~ Bringing in a two tier pension payment, with a supplement for the unfunded of the gap between the present pension and the poverty line.(At present gap is about \$105 p.w.)

~ Raising the amount which can be earned without 40c in \$ deduction from pension, to \$200 p.w.

3. Social justice and equity are important issues here. There are manifest disparities in the outcomes for men and women doing the same or equivalent work in the period before compulsory super was introduced. Divorce has left many women financially disadvantaged, as men were earlier able to keep their entire superannuation.

4. Allocation of resources by government to address this problem for those aged 65+ is urgent and should be a priority. The Future Fund has been set up to ensure a comfortable return to already well remunerated public servants when they retire. The present over 65s have among them those who have not been given equal outcomes. Also the privatisation of the public utilities which their taxes built up should have returned some of the proceeds of these assets to them in the form of a pension for those whose employers did not contribute to a super fund.

5. The extent and numbers of those experiencing severe poverty or the prospect of it should be ascertained immediately. (Available statistics suggest that 650,000 aged

pensioners are solely dependent on the fortnightly payment of \$530, and that this sum does not cover their basic needs, even with extra allowances of occasional bonus payments. (Also that the pension has not increased in real terms for 10 years.) It should be noted that the proposed bridging of the present gap of at least \$110 p.w. is only a catch-up for those who will only live about 15 years longer and cannot earn as they are not employable.

Some drawing a full pension have adequate capital resources and funding to provide an income of more than average requirements, judging from some of the advertising by financial institutions.

7. Fear and insecurity are compounding health problems for this forgotten minority. Anxiety stress illness, panic attacks, diabetes, coronary artery and heart disease are feeding into the need for improvements in medical services. More of the elderly are looking for solutions through planned suicide.

8. Investigation of the way the British Age pension compares with the present Australian criteria, and where our system is failing for some in comparison.

When the system makes super the main source of support for the elderly and aged, and the Age pension a safety net only, when a significant proportion of these people, (being mainly women who did not have men as providers) have had no opportunity to accumulate funds, there is a need to compensate these disadvantaged over 65's.

POOR OLD THINGS.

By Jeanette Stuart Lindsay. (1113 words.)

I never did like the childhood game of "Musical Chairs." The rush and scramble to grab the last seat meant someone was left without a place, made a loser. This was of course the aim of the game. A model for insecurity, or a lesson in reality? Old age seemed very distant then.

Was the last Budget really a good budget, even, according to the claims of some, the best ever? A lucky dip, where everyone gets a prize?

Well, not entirely, especially if a 'user pays' old age is all that lies ahead for the not golden oldies now living lives of quiet desperation, under conditions of financial pressure which can only get worse.

There is a Budget black hole, and the most vulnerable are sliding into it as they struggle in silence to subsist well below the poverty line. These are the aged or elderly who do not have superannuation to supplement the Age Pension.

They should not be included with the baby boomers who were born after 1945, when service men and women returned home, these being the "ageing population" of the future.

The financial benefits for Seniors in the Budget were directed to boosting the retirement financial benefits of those who already have assets to retire on and also the baby boomers accumulating them now. For these people the pension provides a safety net, a core amount supplemented by an independent income stream.

However the elderly now aged over 63 and solely dependent on the Age Pension don't seem to have a name, or a voice.

They were born before or during the Second World War. During much of their working lives they were not included in contributory superannuation schemes by their employers.

Women in particular were deliberately excluded from superannuation, called "temporary", and denied fair promotion or equal pay with male peers. In the 1960s and beyond this occurred even when these women were likely to be breadwinners with children.

For example, married women teachers in this age group were at least ten years behind their male counterparts in accumulating contributory super, were paid less and were denied promotion during the 1960s.

Male divorcees took their superannuation with them, and very often did not pay support for their children of a previous marriage.

Women and less often men who did not re-partner and did not have well paid jobs might have a house now as their sole financial asset but their small savings have been unequal to ensuring their survival.

The Eastern Courier published an article, letters and an editorial (Poor sense of policy priorities, 16/5.) drawing attention to the problem of poverty stricken age pensioners in the eastern suburbs unable to afford even the most essential items for comfort and survival. They have chosen to be independent and live in their own homes paid for by a life of hard work. But there is none of the security of being able to meet ordinary living expenses and live without fear.

The Advertiser also editorialised the issue of aged poverty.

There is currently a Senate Inquiry investigating "cost of living pressures for older Australians," but it is not issuing findings until March 2008 because it has been deluged with submissions.

However, neither political party has as yet given priority to addressing the severe consequences of trying to survive on the pension without additional funds from superannuation or accumulated capital. Perhaps this will be addressed now that a date has been set for the Election. Perhaps not.

We are constantly informed that we are a "rich nation" and that the present government's economic management has made us richer. However, consider the following figures:

The age pension consists of an allowance of \$265.45 per week for a single pensioner and \$441.40 for a couple. There are some small rebates provided, such as those on utilities bills and prescriptions.

Westpac- AFSA Retirement Living describes a basic lifestyle of bare survival as requiring \$18,000.00 per annum for a single person and \$25,000.00 for a couple. (To be "comfortable", of course, requires a sum of at least half as much again.)

Compare to these sums the pension of \$ 13,793.00 for a single age pensioner and \$22,932 for a couple.

How is the gap to be bridged between the pension and the poverty line, which is generally agreed to be about \$365.00 per week for a single person? Who wants to employ an age 65 plus pensioner, and in what capacity? Do we have nurses and teachers and shop assistants in their 70s? I don't think so.

However if a pensioner finds employment, no matter how infrequent, to try to make up a sufficient supplement for the pension gap, their earnings beyond \$64.00 per week cause Centrelink to deduct 40 cents for every dollar earned from the hapless pensioner's Centrelink payment. That way the recipient is most unlikely to ever earn sufficient casual income to reach the poverty line.

On the other hand, those who have income earning assets are being given numerous benefits to boost what they already have, and lots of advice as to how to get a maximum amount of pension as well, as a safety net. This is fair enough, but *totally ignores the plight of those whom the system neglects.*

The nation certainly could afford to increase the pension for those without superannuation through no fault of their own.

Consider how this inadequacy in the age pension came about.

The nation's assets have been privatised. They were built up by input from the taxes of those now aged over 60. Before siphoning off these massive profits to benefit the schemes of the governments engaged in selling them off (also known as sound economic management) these governments should have seen to the ongoing needs of all the older Australians who supplied the means to build the assets.

They didn't.

How many pensioners are solely dependent on the age pension, or have only small additional incomes? About 650,000.

There should be policies clearly directed to remedying the current cruel neglect of a significant number of elderly Australians.

. The number of those in need is not that great, especially when viewed with the perspective of massive amounts of cash now flowing daily to advertising of government policies Aged poverty should be targeted in both government and opposition policy- making, as a priority.

The Prime Minister has recognised as desirable the wishes of many older people to live independently in their own homes. But he has not said how this might be managed without the means to do so.

The Future Fund is presented as yet another example of good economic management by the present government. Again the provision for the future retirement of the already advantaged ignores the unpaid debt to those who provided the foundation and capacity to create public wealth by past taxes on their earnings. Their need is now.

A letter to The Australian from A.L.. Cook, of Shearwater, Tasmania (10/5) referring to the Budget "gift" to Age pensioners provides an insight into the way older people are regarded by some:

"Wouldn't it have been better to give the pensioners a voucher for \$500.00 to come off their power bill, council rates or their phone bill. That way full value would have been realised and none of it would have gone into poker machines."

Tragic.