

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

2 July, 2007



Cost of living pressures on older Australians

Summary: The current age pension is not payable once a pre-tax \$1400.00 income per fortnight is earned and is considered unrealistic; rental subsidies need to reflect the current cost of renting. Persons aged above 65 earning greater than \$1400.00 per fortnight before tax have all benefits removed along with the pension, creating further hardships added to which, taxing the pension when other income is earned is iniquitous.

I am making a submission to the Senate Inquiry on the above matters, mainly because I have found that trying to live on an age pension and a small superannuation payment is not possible if one is to live an 'ordinary life' and not become a recluse or hermit.

Following early retirement and a divorce, I worked overseas for six years before returning and becoming an age pensioner. I rented a modest 2-bedroom unit in north Queensland and purchased a second-hand car.

In 2004, the rent on the unit was \$300.00 per fortnight and I had just enough to keep the car running, purchase food and buy petrol from the pension which included rental assistance.

The car registration was paid by saving my superannuation, and I kept in front by some casual work, which of course reduced my pension. I have a small "Bill Paying" account with my bank, and I must deposit \$225.00 a fortnight to cover the phone, newspaper, power, car rego and service and a subscription to the Reader's Digest. There was just enough left for food purchases, and sometimes petrol.

As the rent increased, food and fuel prices rose, I took on more part-time work, which of course reduced my pension even further. I am now working as a Carer for disadvantaged people three days and nights each week. My income is judged on pre-tax earnings, but post-tax I clear just above the pension cut-off point of \$1400 per fortnight, and thus I receive no pension or rental subsidy, and after 12 weeks I am about to have all the other benefits removed such as power discount, cheap bus fares, phone subsidy, ambulance fees, Queensland Rail pensioner fares, etc as my pension card will be withdrawn. It is difficult to go anywhere in this city without a car, and a full fare on a bus will cost me \$38.00 a week as against \$8.00 for a pensioner with council subsidy.

I have been receiving good dental care through the Qld Health Service, but if this is no longer available, there is no way I could afford to pay for a dentist, and any sort of medical insurance is not an option.

Last financial year, I had to find \$1500.00 extra for tax, as my pension was added to my income and therefore taxable.

As Queensland is going through a boom period, rents have risen every year and my unit was about to cost me \$440.00 a fortnight. On top of this, I couldn't afford to smoke or drink, even if I wanted to and joining a social group was not viable on the pension alone. To do some community work and meet more people, membership of the local Lion's club was contemplated, but the small fees and costs were out of my budget range.

With my family living in various parts of non-remote Australia, it would be nice to save for an airfare. Again, close to impossible.

In January this year I had no choice but to downgrade my aspirations and move to a smaller place - less rent, no garden, no pets and nothing within walking distance. Removal costs were equal to one month's pension.

My only choice now is to keep working as long as I can, and increase my working hours to make up for the extra costs involved in having no age pension card. It is not exactly what I had in mind when retiring.

If I were to attempt to live on the pension alone, I would have to move to a boarding house or rent a single room, live frugally, abandon the car and rely on public transport (we have a bus once an hour, less than 2km from the city centre).

I am not at all adverse to doing my share of work, but at age 68 it seems unfair to have the pension and its benefits totally removed. One is tempted to cut back on working hours and income just to obtain all the pension benefits, but I want to do the right thing by my employers who are faced with staff shortages, as anyone who can, has moved into the mining areas and there is an acute shortage of male carers.

At the very least, we need to have a much larger rental allowance for housing, and abolish the low threshold of pre-tax \$1400.00 per fortnight which closes off the age pension, or at least make it more realistic as costs and wages rise. Rents in Townsville have risen more than 85% in the past five years on average, but a 25% per annum figure is more realistic. Another alternative may be to cease paying pension allowances after a much higher pre-tax income, but to allow use of the Pensioner card to a much higher income limit.

State housing is almost impossible to obtain, and obviously goes to those much more in need than myself. However, there is at least a five-year waiting list.

The present government says that it wants older people in the workforce, which I agree with, but please don't penalise those of us who are low income earners who have to return to the workforce due to spiralling costs.

I believe that the United Kingdom does not disadvantage its pensioners by reducing the

pension if they earn extra income. The UK also has rent control and would not contemplate uncontrolled charges; here we also have to face lower quality accommodation, and there is rarely insulation in homes for the hot, tropical days in north Queensland for six months of the year, and with current winter temperatures at 14C, some sort of heating would be pleasant.