

AGED CARE LOBBY GROUP

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Submission to the Senate Community Affairs References Committee Inquiry into Cost of Living Pressures on Pensioners and Self-funded Retirees

The Aged Care Lobby Group sought information from both members and non-members in order to achieve as wide a cross-section of respondents as possible. All the information relates to cost-of-living pressures within South Australia.

(a) Cost of living pressures on pensioners

We believe it is impossible for those on Parliamentary salaries and above to have the slightest idea of what it means for a single pensioner to live, or should we say exist, on slightly over \$12,000 per annum. As one pensioner put it: "Living on a pension is about living on a skid row income, if there is nothing more."

- (i) There is presently a great deal of emphasis on the importance of the right diet in the maintenance of good health in the ageing population. Given that prices in the supermarket rise every week, with high prices for meat, fruit and vegetables, plus a foreshadowed increase of some 30% in the price of milk, a good diet is very hard to fund. Most pensioners surveyed rely on 'specials' to keep the cost of food down. Some commented on the high price of pet food; since a companion pet is an important factor in ensuring good health, these rising costs are a problem.

Petrol costs are "astronomical". The cost of car registration and insurance are rising annually; maintenance is another high priced item. Those pensioners who run a car do so to maintain their independence and to allow them to travel to medical appointments and visit family and friends where public transport is either non-existent or infrequent. High fuel costs feed into the price of everything on the supermarket shelves.

Whilst many make full use of the '4 cents off' vouchers, these are more supermarket window-dressing than cost savers. On a recent purchase of \$20 worth of petrol, the saving was 60 cents, certainly not worth going out of the way to receive. Equally these vouchers do not benefit anyone who does not drive a car.

- (ii) Supply charges for both gas and electricity are high. GST imposts are an added cost. Government payments of \$50 or so merely compensate for the GST. Some of the pensioners surveyed are reluctant to use their electricity and gas fires because of the cost, yet older people feel the cold more than the young. Others go to bed early to save on fuel bills. On the whole, pensioners spend more time at home and therefore have to pay for their own heating, cooling and lighting, whilst those at work generally have such facilities provided free as part of their employment. Some pensioners pay their electricity and telephone bills fortnightly to avoid the receipt of large quarterly bills.

Pensioners in public housing find that any pension rises are almost immediately swallowed up in increased rents so they never get ahead.

- (iii) Single pensioners struggle to find over \$1000 a year for private health cover from an income of \$12,000. They just cannot afford it. The situation is no better for couples. Our local dental hospital has three emergency appointments available each day. Otherwise the wait is some 18-24 months for treatment. One lady waited three years for dentures under the public health system. Since bad teeth affect health, many pensioners suffer both pain and a decline in their overall health whilst waiting for treatment and more have to have extractions. The availability of quicker treatment would help to overcome these problems.

It is not only dental care which is a problem. The waiting time for knee and hip replacements is usually two years. Again, the problems arise of pain and increased social isolation due to immobility. Medical care can still cost money in this category; not all doctors bulk-bill, and specialists require reduced gap payments.

An instance of the effect of cost pressures on pensioners is the cessation of free transport between the Lyell McEwin Hospital in the northern suburbs of Adelaide and its linked hospital, the Queen Elizabeth, in the western suburbs. Patients referred to the latter from the Lyell McEwin now have to travel by taxi, at a cost of around \$50 for the return trip. The cost saved by the hospital is now transferred to the pensioners.

Furthermore, pensioners in aged care facilities have very little left over after the facility takes its allowance, to pay for items like hairdressing, outings and a 'happy hour' if that facility offers one.

(b) Cost of living pressures – self-funded and partially self-funded retirees

- (i) All respondents commented on the price of food and petrol. Some look for specials in the supermarkets, others do not feel the necessity. Many buy petrol only on days when the price is down and think more carefully when planning trips. This applies particularly to country travel where petrol is more expensive.
- (ii) Here again retirees find that reduced incomes have to lead to reduced expenditure and so take more trouble to turn off lights and heaters when the room is not in use.
- (iii) Some respondents in this category keep up their private health fund cover, others have not, taking the view that if they are really sick, they will receive free treatment under the public system, without any gap payment.

(c) Effects of cost pressures on pensioners

One pensioner believed that the increasing gap between rich and poor “is turning us into a class society”. Another stated that “What we have is a disintegrating society within a boom economy that is about maximising overall wealth, without ensuring that it is evenly spread, at least so that no one starves, in this affluent country.” Every time news comes of rises for judges and politicians, both Federal and State, and 16% rises for the Premier’s staff here in South Australia, pensioners feel more and more devalued. They lived through the Depression, fought in the war, worked all their lives (often at low paid jobs) and are now expected to exist on a small pension. Their retirement consists of trying hard to make ends meet. Small reward for a lifetime of work!

Recent increases in bus fares are a barrier in the way of participating in the community. It is sometimes impossible to afford the joining fees for a particular organisation and there is little discretionary income left over to maintain a hobby after meeting the cost of basics.

Those pensioners living in their own homes find that the cost of maintenance is very high. The old adage of being “asset rich, and cash poor” applies here. Not all want to take advantage of reverse mortgages, given a widespread distrust of banks and financial institutions in general.

Sometimes doctors recommend their patients to take supplements such as glucosamine, omega 3 and calcium. Caltrate used to be available through the PBS but it was taken off the prescription list some time ago, leaving many elderly people who should take it unable to afford it.

Effects of cost pressures on self-funded and partially self-funded retirees

To a large extent, the effects of cost pressures in this category naturally depend on the amount of income the retiree receives. Partially self-funded retirees who receive a small Commonwealth pension are eligible for all pensioner concessions. The Seniors Card also provides access to concessions whilst the Commonwealth Seniors Health Card permits the purchase of prescription drugs at pensioner prices. Not all older people are aware of what concessions may be obtained. Many do not know about the Seniors Health Card, for instance.

- (c/d) As the cost of basic items mounts, there is clearly less money available to enjoy outings such as cinema and theatre visits. Not all promoters reduce the price of tickets for seniors and pensioners. For example, more might have enjoyed the current visit to Adelaide of the Cirque du Soleil if ticket prices had been less than \$99 and \$89. This is out of reach for many. One pensioner respondent said that she had to “scrimp and save to take grandchildren out”.

Taxation thresholds for the lower income elderly should be further lowered or the seniors allowance increased. GST should be removed from utilities. Most of the imposts and concessions come from the State Government and vary from State to State, hence a move by some older persons to Queensland. The quarterly telephone allowance should be increased – older people need a phone to keep in touch with family and friends and summon help quickly, if needs be. Those with mobile instead of fixed line phones have no assistance with phone costs.

- (e) We are unable to comment in this area, apart from saying that it seems strange that the limits on superannuation withdrawals have been removed, enabling superannuants to spend their super. more rapidly and fall back on the pension.