



## ECCV SUBMISSION TO THE SENATE COMMUNITY AFFAIRS COMMITTEE

### INQUIRY INTO THE COST OF LIVING PRESSURES ON OLDER AUSTRALIANS

1. The Ethnic Communities' Council of Victoria (ECCV) welcomes the opportunity to present a submission to the Senate Inquiry into the cost of living pressures on older Australians. ECCV recognises the pressure that increasing cost of living standards place on older Australians and would like to express appreciation to the Senate for conducting this important inquiry.
2. ECCV is the state-wide peak advocacy body representing ethnic and multicultural communities in Victoria. For over 30 years, ECCV has remained the principal liaison point between ethnic communities, government and the wider community in Victoria. ECCV has been a key player in building Victoria as a successful, harmonious and multicultural society.
3. On 10 October 2006, ECCV established a group which developed to become the *Fair Go for Pensioners Coalition*. The Coalition initially comprised of members from Victoria's Greek, Macedonian, Polish, Russian and other European migrant communities and was later broadened to include mainstream organisations. The primary aim of the Coalition is to lobby government to address the financial hardship that many older Australians are presently enduring by increasing pensions and concessions.
4. An ethnic senior Citizens' public meeting was first held on 13 November 2006 at the Melbourne Town Hall to canvass the issues facing older Australians. The attendance rate was well over 500 people, indicating the importance of the issue for culturally and linguistically diverse (CALD) seniors.
5. Pensioners born overseas comprise nearly forty per cent of aged pensioners and this figure is currently rising. Many did not have the opportunity to build superannuation nest eggs. Many (CALD) pensioners helped build Australia and contributed in supplying goods and services through the post-war years. Despite the significant contributions made to Australian society, many pensioners born overseas are struggling to make ends meet living on the government old age pension.
6. A second public meeting was held on 31 May 2007 in front of the Victorian State Library with hundreds of CALD pensioners attending to voice their concerns about the rising cost of living for those receiving old-age pensions.

7. In response, the Fair Go for Pensioners Coalition developed a *Statement of Claims* outlining the Coalition's recommendations for the Federal Government. The recommendations are as follows:
- That the Federal Government increases the pension rate from 25% of average male weekly earnings to 35% of average male weekly earnings;
  - That proper and improved culturally appropriate healthcare measures for pensioners are prioritised, including medial, dental, optical, hearing and pharmaceutical services. The Pharmaceutical Benefits for pensions also needs to be increased;
  - That the level of funding for aged care services, including culturally appropriate services, is significantly increased and extended to meet the growing demand in this area.
  - That our pensions are not restricted due to overseas travel to visit loved ones;
  - That a thorough review of the means test and GST impact for pensioners and concessions should be undertaken to ensure that pensioners are not losing out.

The points raised in the Statement of Claims were included in a petition signed by pensioners who attended the public meeting on 31 May 2007, which was then brought to the attention of the Federal Parliament on 7 June 2007.

8. Many full pensioners are struggling to make ends meet due to rising costs which are above the Consumer Price Index (CPI) in areas like public transport, food, utilities and health care. These costs are rising at a higher rate than the old age pension, which is linked to an aggregate CPI and average male weekly earnings.
9. ECCV understands that health and pharmaceutical costs have increased by more than twice the inflation or CPI rate since 1990. As they age, seniors tend to need health and pharmaceutical services to a greater extent. The old age pension provision of \$262 a week, or \$219 a week each if you are a couple is simply not enough to live on with rising costs in the areas of transport, health care, household services and utilities.
10. ECCV recognises changing demographic patterns in Australia and that older Australians are living longer than previous generations. As a result of living longer, the cumulative cost of health care and services for older Australians today is higher than ever. When the pension level was first calculated the average Australian life expectancy was not as high as it is today. The current pension rate does not account for increased life expectancy and associated, inflated health care and pharmaceutical costs.
11. While the one-off \$500 payment to pensioners in the 2007 Commonwealth Budget was greatly appreciated, it is not a sustainable solution and the reality of a pension rate that is too low to meet the increasing cost of living remains. Long term government intervention and support is required as the seniors' pension rate of 25 per cent of the average male weekly earnings is no longer satisfactory, particularly in contrast to the widespread prosperity enjoyed by others in the community today.
12. The maximum concession of \$168 for pensioners to pay household rates is now far too low given that average property rates are over \$1,000 in Victoria.

13. Research by Gavin Dufty from St Vincent de Paul has shown that for pensioners renting in the private rental market and using public transport the cost of living has gone up at a much higher rate than the pension has increased. Dufty states that pensioners renting their homes and using public transport have seen increases in the cost of living at 30 per cent greater than the inflation rate. Therefore, for many senior Australians, the real value of the pension has declined over the past ten years.
14. ECCV recommends that the inquiry address these issues as a matter of urgency as many senior pensioners are suffering significant financial hardship which affects their general health and well-being. ECCV encourages the inquiry to consult widely and develop appropriate strategies and policies to improve the pension rate and to ensure that our pensioners receive the assistance that they truly deserve.