

Wide Bay

Women's Health Centre Inc.

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17 July 2007

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

Dear Sir

**Re: Submission to the Inquiry into the Cost of Living pressures on Older Australians**

The Wide Bay Women's Health Centre is a community based service funded by Queensland Health and provides services to women and families the Wide Bay/Burnett region.

Many of the Centre's clients are in the older age groups and a significant number of these are dependent upon Centrelink pensions or fixed income pensions. Increasingly Centre staff are advised that some older women are finding it difficult to cope with increasing costs basic necessities such as rent, food and utilities.

Due to the tight time lines for the submission we have elected not to cover all of the criteria.

Attached is the Wide Bay Women's Health Centre's Submission to the Inquiry into the Cost of Living pressures on Older Australians

Should you require any further information please do not hesitate to contact the writer.

Yours faithfully,

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Director  
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**Submission to the Senate  
Community Affairs Committee**

**Inquiry into the Cost of Living pressures  
on Older Australians**

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## **Background:**

The Wide Bay Women's Health Centre is a community based service established in 1991 and funded by Queensland Health in 1994.

Our clients represent a broad cross section of the community, ranging in age from, in the main, 12 years to 75+ years of age. Clients cover all denominations and races, including Aboriginal women, women from non-English speaking backgrounds and include a number of women who are older themselves and who are caring for aged parents.

Over the past year staff at the Centre have seen an increasing number of women accessing the Centre for assistance with welfare issues, housing, general expenses and food as pensions and fixed incomes do not keep up with the spiraling cost of groceries and utilities. The Centre does not provide emergency funds but is able to refer clients in need onto local organisations such as the Salvation Army and St Vincent de Paul Society.

Figures show that at March 2002 around 82% of people over 65 years of age received the aged pension or some other income supplement<sup>1</sup> these figures in themselves show that many older people in the community are on fixed or lower incomes. The majority of aged pensioners are women.

Many older people who are in need are too proud to seek assistance and will go without rather than seek assistance. This puts them at risk and can contribute to deteriorating physical and emotional health which can in turn lead them to require residential care rather than remain in their own homes.

### **1. The Cost of recent movements in the price of essentials, such as petrol and food.**

As people age the ability to access transport can greatly affect their independence and participation in the community and social life. For those that run their own vehicle there is the added expense of increases in insurance and government fees, where applicable.

The increasing cost of petrol has seen a reluctance by some older persons to go out as much as they find it difficult to find the extra for fuel. In addition for those who rely on a taxi service increases in costs of fares etc. means that instead of going out once per week for groceries they now go once a fortnight. Often this is their only social outing.

The reluctance or inability to afford this extra increases the risk of social isolation. Increases in transport costs often means that women in particular must give up a social outing such as a weekly visit to a craft group or similar thereby increasing social isolation and contributing to an increase in depression.

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<sup>1</sup> Department of Families and Community Services “*Implications of Ageing – Centrelink Customer Data 2002*”

The concentration of in excess of 80% of the grocery retail trade in the hands of two major players, Coles and Woolworths does not appear to be conducive to adequate competition to keep grocery prices at a reasonable level.

The Courier Mail stated in an article on 19 July 2007 that “ *grocery prices are rising at more than twice the pace of wages, while a survey of supermarket chains by consumer watchdog Choice this month identified some goods which cost 40 per cent more than 4 years ago*”<sup>2</sup>

Recent media reports state that milk is expected to rise approximately 20 to 25% in the next few months, again a further impost on the already tight budgets of older persons.

A further difficulty for older persons is getting good value for their money. For instance, is the larger packet of breakfast cereal actually better value than the smaller packet ? Without a calculator or the ability to compute the figures how does one judge ? Added to that those with sight problems also fare badly in judging value.

Given that supermarkets have won the battle over individual pricing (who remembers all the shelf prices at the checkout to know if you were overcharged on a particular item or not) unit pricing would seem to be a very sound way of letting people know the actual cost per unit of a particular item. Therefore the person would know, which packet, the larger or smaller, in fact presented better value for money.

It would be naive to say that people can shop around; many older people have limited mobility and the additional cost of petrol to drive from one centre to another would possibly negate any savings made. In rural areas choice of supermarket can be limited.

Older persons, and in fact any person, who, due to limited income is unable to afford fresh fruit and vegetables and staples to a healthy diet will suffer long term health implications. Literature shows that a significant number of older persons are in fact malnourished and suffer malnutrition.

## **2. The costs of running house hold utilities, such as gas and electricity**

The majority of older persons are on fixed incomes, either superannuation or pensions. As at March 2002 around 82% of people 65+ received the aged pension or other income support supplement from Centrelink.<sup>3</sup> This limits their ability to absorb increases in goods and services.

Despite the consumer being told that competition will keep costs down there is no argument that the cost of electricity has increased, and will continue to increase over time.

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<sup>2</sup> Gutherie, F. , Jarratt, I., *Hunger for Food Pricing* Courier Mail 19 July 2007

<sup>3</sup> *Implications of Ageing* Department Family and Community Services

The Council for the Ageing (NSW) Inc has expressed concern that projected pricing arrangements will be detrimental to older, more vulnerable consumers. An increase of 7 and 8% each year for three years and indication that there will be a higher rate of increase for consumers with low usage<sup>4</sup>.

An example is the information on the ActweAGL web site which advised that the average *Always Home Plan* customer will experience a real increase of 16.3% in their electricity account. *Off peak electricity has increased by 12.8% in real terms.* The same company The combined impact of changes to prices for water and wastewater services in 2007-2008 will be an increase of around 14%<sup>5</sup> There is every reason to believe that utility companies across the country are looking at similar increases for customers.

Many older residents on fixed incomes lack the ability to purchase new modern energy efficient whitegoods, delaying purchases until the old wear out and at times have to borrow or use expensive credit arrangements to replace items.

Many clients on fixed incomes are finding it difficult to pay for electricity to cover basic needs such as heat, cooking and lighting.

The Centre has been advised on occasions by clients that:

- They only use their electricity when absolutely necessary.
- Some will sit at night wrapped in blankets rather than use heaters.
- Some have advised that they go to bed early rather than use heaters or lighting.

Lack of adequate warmth can exacerbate illness and increase depression in older persons , lack of adequate lighting and heating use can contribute to falls which are a major cause of death or people requiring admission to residential care.

### **3. The Cost of receiving adequate dental care.**

Every year people are hospitalized for problems arising from a lack of adequate dental care. People can require hospitalization for extractions under general anaesthetic or for infections that has spread from infected teeth and causes a generalised infection. These admissions add to the total Medicare bill.

Good oral health is integral to good general health<sup>6</sup>. Being able to eat, speak and socialize without discomfort or embarrassment contributes to general wellbeing.

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<sup>4</sup> Council on the Ageing (NSW) Inc *submission for comment Promoting retail competition and investment in the NSW Electricity Industry – Regulated electricity tariffs and changes for small customers 2007 to 2010* April 2007

<sup>5</sup> [www.actewagl.com.au/faqs/StdRetailElectricity.aspx](http://www.actewagl.com.au/faqs/StdRetailElectricity.aspx)

<sup>6</sup> Professor John Spencer, Jane Harford *Submission to the Senate Select Committee on Medicare* Australian Research Centre for Population Oral health

Many older persons report difficulties in obtaining adequate dental treatment due to costs. The average wait for public care is 27 months<sup>7</sup>

Clients have advised that quotations received from dental practices in this area state that for initial check up and xray can cost in the range of \$200.00 and fillings can cost \$100.00 plus each not to mention the cost of bridges or crowns.

Often the client opts for extraction as the tooth will not bother them again. This is also counterproductive as if too many teeth are removed difficulties in eating some foods can be experienced.

Adequate dental care is a misstatement when related to many persons simply because they do not receive any dental care, let alone adequate dental care.

Clients in regional areas find that travel and sometimes accommodation is required to access a dental clinic which adds to the total cost.

Private dental insurance is not an option for many older Australians due to cost. Those that maintain private health insurance are often finding it difficult to keep that current, let alone add the expense of dental insurance. Even when insured individuals only recoup part of the total fee and still face substantial out of pocket costs.

There is a conclusive link between poor oral health and:

- Cardiovascular disease
- Poor nutrition
- Oral cancer

Adequate basic dental health care plays an important role in a cost effective health care system and will become more important in the future with the increasing prevalence of diabetes.

Improvements in access and affordability of dental care and treatment should be made for all Australians, especially those on aged pensions.

People who receive inadequate dental care can suffer psychological and social impacts as a result of appearance issues and speaking difficulties, and suffer a loss of self esteem and especially in the case of older women, can become socially isolated.

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<sup>7</sup> Consumer Choice Magazine June 2007

#### **4. The adequacy of current tax, superannuation, pensions and concession arrangements for older Australians to meet these costs.**

The use of the CPI does not accurately reflect an increase in the cost of living, especially for older persons, as a number of pertinent factors are omitted. However we acknowledge that the country will never be able to afford to pay pensions that equate with full wages.

That being said, it is the communities duty to ensure that older persons who have contributed to the growth and economic prosperity of the Country are cared for adequately as they age.

The initiatives by the Federal Government to make a \$500 payment for all pensioners is commendable and while it does not cover all increasing costs certainly is off assistance and should be continued.

Adequate resources must be available to older persons to allow them to live a comfortable and healthy retirement. Over time superannuation will assist people fund much of their own retirement and the call on the aged pension will reduce. Many men and the majority of women retiring today have not had access to a full working life with a superannuation component; in fact many women have had negligible access to superannuation at all.

Women are especially disadvantaged, they earn less than men, have broken service if they have children and are often expected to pick up the burden of caring for aged parents and in laws. The Treasurer has said in the past that women should have three children, one for them, one for their husband and one for the country. This is all very well, but women have the pressure of caring for these three children and therefore will be spending many years out of the workforce, or putting these children into child care with its additional costs.

Many women would have more children, but the pressures of working and bringing up children and attempting to entirely fund their own retirement is daunting. A suggestion has been made that women who leave work to have a child (generally on unpaid maternity leave) have a superannuation component equal to the year before she took maternity leave, paid into her fund by the Government of the day, so that although she is not earning a wage in that time, at least she is not losing her superannuation entitlement as well. In the long term this would be less costly than paying her a pension later in life.

The pension concession card works very well for many aged pensioners, however there is not such scheme for older Australians on other types of retirement incomes except for the Commonwealth Seniors Card and the various state seniors cards. Both these cards have various rates of acceptance and uses to the holders. In some areas the Commonwealth Seniors Cards are generally well accepted but in others many doctors and other outlets do not accept them as readily.



It is suggested that the government consider issuing a pensioner concession card to all aged Australian citizens.

In addition the Government could also consider allowing aged pensioners to earn more money in their retirement tax free by way of hobbies etc before the pension starts to reduce. This would encourage pensioners who are able to earn those small amounts that can make all the difference to lifestyle.

This small amount of economic freedom would also encourage older people to remain engaged in the community. Obviously the amount of earnings would need to be reasonable but it would have many benefits, especially health benefits, by keeping minds and bodies engaged and active. An amount that was suggested by a client was \$1000 as this would cover the cost of the hobby and allow a little over if possible.

## **Conclusion:**

While not all older people struggle financially in their retirement and many manage well on a limited income, it is fair to say that managing is becoming harder as prices rise beyond increases in income and that a significant number do struggle to have a reasonable standard of living.

It is a known fact that rises in the cost of living impact disproportionately on those in the community with lower or fixed incomes.

Many older people are living below the poverty line<sup>8</sup>. Older single women are especially disadvantaged and vulnerable as the majority did not have access to superannuation and are dependent upon the Centrelink pension as their only source of income. In both 1982 and 2003-4 women were more heavily concentrated in the two lowest personal income quintiles. Men were more heavily concentrated in the highest quintiles<sup>9</sup>.

The lack of resources contributes to a lowering of living standards for the most vulnerable in the community. Lowered living standards contribute to declining physical and emotional and mental health and an increased burden on the medical and caring professions.

Ensuring that older people have a healthy and secure retirement will go a long way to reducing the costs on the health professions, reducing social isolation and keeping them active in the community and in their own homes for longer.

Assisting older Australians to have adequate resources in retirement will bring long term benefits to the country as costs for failing health and mobility will be reduced.

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<sup>8</sup> Australian Pensioners and Superannuates League "Ageism" 2007

<sup>9</sup> Australian Bureau of Statistics "Australian Social Trends 2006"

## **Recommendations:**

- That the Federal Government, over time, work with the states to ensure that adequate dental be made available to all Australians, especially aged persons.
- That the Federal Government initiates an investigation into grocery prices and the lack of competition in the retail grocery industry.
- That the Government legislates to make until pricing of all lines, including “specials” in grocery stores mandatory.
- That the Government makes a one off payment each year over and above the aged pension to assist older Australians cope with increasing costs.
- That the Government investigate a scheme whereby women who leave work to have a child on unpaid maternity leave have a superannuation component equal to the year before she took maternity leave, paid into her fund by the Government of the day,
- That the government consider issuing a pensioner concession card to all aged Australian citizens
- That Older persons be able to earn an set amount of money (say \$1000?) by the way of a hobbies etc tax free and not included as income for the purposes pension assessment.