

4 July 2007.

Elton Humphery.  
Committee Secretary.  
Community Affairs Committee.  
Department of the Senate.  
PO Box, 6100.  
Parliament House.  
Canberra ACT. 2600.



Dear Elton.

I recently wrote to Kevin Rudd, Federal Labor Leader, to ask if when he gets into Government if he could make a few changes to the Pensions given to older Australian who are really struggling financially these days, and he suggested I write to you and make a submission with my concerns about the pensions to your Standing Committee.

So I would like to tell you my own story that is much the same as most of the Australian workers of my age group, to give you the back ground to my concerns, and then to make a few relevant points that your Committee may like to take into consideration when coming to conclusions on how to improve the present Pension system.

My own story.

In 1949 Australia was very short of skilled workers, much as it is today, I immigrated to Australia in that year to increase the size of the work force to help make the Australian economy strong and to live in a good country with freedom, good weather and democracy.

I worked in industry as a fitter & Turner, and later as a Tool Maker for *fifty years*, mostly in factories that had no air conditioning in the summer and no heating in the winter, the only chairs were always in the office and lunch room, not in the factory. At my bench by 6.30am or 7.30am at times, overtime three nights a week to 8pm mostly to help pay the mortgage payments. It was a tough 50 years work but I think my efforts were mostly appreciated by the management, and it provided for the family and bought our house.

During those years there was no superannuation in private industry, it was understood that a proportion of the taxes we paid would be invested to provide for a reasonable pension from the Australian Government when we reached 65 years.

Now seventy five years old and out of the work force I receive the government pension of \$219.25 per week, my half the married pension. Which is 17% less than the single pension of \$262.55 per week. Yes, if you are married an individuals pension is reduced

by 17%. No other section of society have their wage reduced by 17% on getting married as far as I know.

I am very grateful for the \$219.25 pension per week, and the \$500 utilities allowance that go straight into paying one of the quarterly council rates bills, but I still have half all the normal expenses, Electricity. Petrol. Food. Phone. Fire wood. Medical expenses. After paying the bills we are often short of money a few days before the next Pension payment for things like food and petrol. This is spite of living a very fugal life. The only luxury we have is this computer, and my 33years old Citroen that should be replaced but there is no money for that I am afraid.

When the Government changed the goal posts in The 1990's to self funded superannuation for all workers, some provision should have been made for all the workers up to that point who would not have superannuation when they retired but would be living in a time of boom conditions.

These days I see everyone well off, New cars. Holidays. Travel. Caravans going around Australia, Flying around in planes. Making money with shares. CEO's getting millions of dollars. On the other hand all the workers like me who helped to bring this about before superannuation for everyone, mostly started work at 14years and worked until they were 65 years and now have only \$219.25 per week to live on.

Yes, it is pretty disappointing to be so short of money after working for fifty years in the work force. It's a long time. Imagine working at a job for 25 years and having completed that the next day starting again with another 25 years to go! There are a great many workers from the 1949 to 1999 years that did that.

Governments normally quote a fortnightly pension rate because it sounds more generous and the combined rate when quoting married pension rates, but what each individual person actually gets per week is what matters, and what they actually have to live on.

Married pension \$877. per fortnight. divide by two to get the weekly rate = \$438.50 per week.

Divide by two again to get what each person actually receives  
= \$219.25 per week each.

Because of our Minerals and Gas deposits that we are selling by the ship load Australia is enjoying boom conditions. No Government debt. \$10 Billion surplus. Income Tax relief. Wage rises. Minimum unemployment. Billions in the future fund. Trillions in the Super Funds bringing in over 13% so much money they don't know what to do with it. There are rich people everywhere.

In these conditions \$219.25 per week is not a fare wage outcome for a pensioner.

My Wife and I go 50/50 with the bills and they can be something of a crisis at times. For instance we get four \$415.00 Council Rate bills each year, That is \$207.50 each that has

to be saved every 13 weeks, (\$16 per week). \$21.25 each for electricity per week, Petrol, \$25 each per week. These three items alone reduce our \$219.25 to \$157 per week to live on.

If something happens like needing new tyres for the car, or the washing machine wears out that's going to need another \$250 each we have to save up somehow. As you can see it is a constant struggle, there is no money to live a normal life. All we can do is stay home manage with what we have and just go out to do the food shopping.

It just isn't fair to be living so far below the poverty line after all those years doing skilled, and reliable work in the work force.

Any way, that's my story so far and possible gives you an idea of the typical life pensioners have these days living on the Howard Governments Pension scheme.

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<u>Autorex Motors, England,</u> Apprentice Motor Mechanic	1945-1949.
<u>P &amp; R Williams, Sydney.</u> Mechanic, Motor Cycles.	1949-1952.
<u>Clyde Sales Pty Ltd Sydney</u> Mechanic, Agricultural Machines And Fork lift trucks.	1952-1956
<u>L H Dexter &amp; CO Pty Ltd Sydney.</u> Fitter & Machinist, Auto Electrical.	1956-1959
<u>AWA Limited Sydney.</u> Fitter & Turner, Model Shop Work & Special Purpose Machines.	1960-1963
<u>South Wales Electric Ltd, Sydney.</u> Electrical Fitter, High Voltage Switchgear.	1963-1965
<u>Dexion Pty Ltd, Sydney.</u> Fitter & Turner.	1966.
<u>Comalco Pty Ltd Sydney</u> Toolmaker, Extrusion Dies.	1966-1969
<u>Exco Pty Ltd, Sydney.</u> Toolmaker, Electrical Discharge Machine & Electrodes.	1969-1972
<u>Ripley Machines.</u> Machinery designer & tool maker, Wood & Metal cutting Band saws. Won Australian Design Award for the Ripley 915mm wood Band Saw. 1978.	1972-1990
<u>Victorian Productivity Council Melbourne.</u> Designer-Tool Maker. Prototypes and models of Innovative new products,	1990-1996



## Determining the amount of money A Pensioner should receive.

When the pension scheme was first introduced it was a very different time to today, Australia wasn't a rich country but the Government of the time had a strong sense of social justice and wanted to look after the older people in the community.

It wasn't so much a matter of deciding what a suitable pension rate should be to live on, but more about what the Treasurer of the Government could afford.

MP's sat down around a table and worked out something that was acceptable to the Treasurer, and that could be acceptable to the public.

Now the situation has changed completely, Australia is rich and the decision now is not so much about what the Treasurer can afford, but more about what is a suitable amount for a pensioner to live on in 2007.

No longer should a group of MP's sit down around a table to determine the amount to be paid to Pensioners for two reasons.

1. We have professional people who's whole job it is to determine rates of pay for anyone employed. The minimum wage. Wages for tradesmen. Wages for all sections of industry. These experts in the field are the ones who should now decide the level of pay for Pensioners. Working out the wage for a Pensioner is no different to working out the wage for any one else, just a matter of taking all the circumstances into consideration and coming up with a suitable amount. There are already systems set up ready and able to do this.
2. Some Governments like the present one now in power tend to be Ideological driven, and with right wing lobbyists looking over their shoulder. They want small Government, minimum social costs, maximum tax's in Government savings to get their hands on. A top down driven system that tends to over rule individual MP's social conscious, Their thoughts are skewed more towards making money than social considerations. Making MP's unsuitable to sit around a table to decide the rate of pension within a right wing leaning Government.

## Single and Married rates.

### Point 1.

At the time when pensions were started it was normal for a mans wage to be enough to support a wife and two children. Women in work got paid around  $\frac{3}{4}$  of the wage a man earned for the same work. So it was quite natural to make the married pension rate equal to

One full pension rate for the man, and  $\frac{3}{4}$  of the full pension rate for the wife.

This has been carried on over the years and today the single pension rate is-

\$525.10 per fortnight for a man, and \$877.00 for a married couple.

Or in other words the mans share of the married couples pension is \$525.10 and the wife's share is \$351.90. Proportioned about the same amount as was the norm around the turn of the century.

But this is no longer the turn of the century but 2007 with equal pay legislation in place. No sex discrimination in the work force, and equal opportunities to both sexes.

There is no excuse today to have each member of a married couple given different pension rates, they should both have the same pension rate.

### Point 2.

Can you imagine any other section of society having their wage reduced by 17% on getting married. Imagine if it was decided that all public servants would now have an automatic reduction in their wage of 17% on getting married. It would be a ridicules proposition.

### Point 3.

Some one married doesn't eat 17% less food. Buy a car for 17% less. Pay 17% less for petrol. Doesn't have to pay 17% less GST. Their electricity doesn't cost 17% less. Being married doesn't lead to a great saving in expense, indeed it could be agued that being married costs more.

Today with Australia so rich, Government funds over flowing and the equality of men and women there is no excuse to pay a pension 17% less if you are married. It is something left over from the turn of the century and has no place in today's society.

# RATES

<b>Pension and Rent Assistance Rates and Thresholds</b>	<b>SINGLE</b>	<b>COUPLE both eligible</b>	<b>COUPLE one eligible partner</b>	<b>COUPLE separated due to ill health</b>
<b>How much pension<sup>1, 2</sup></b>	<b>Per Fortnight</b>	<b>Per Fortnight</b>	<b>Per Fortnight</b>	<b>Per Fortnight each</b>
Maximum rate pension <sup>3</sup> (includes supplement)	\$525.10	\$877 <del>438.</del>	\$438.50	\$525.10
Pharmaceutical Allowance	\$5.80	\$5.80	\$2.90	\$5.80
<b>TOTAL</b>	<b>\$530.90</b>	<b>\$882.80</b>	<b>\$441.40</b>	<b>\$530.90</b>
<b>Rent Assistance<sup>4</sup></b>	<b>Per Fortnight</b>	<b>Per Fortnight</b>	<b>Per Fortnight</b>	<b>Per Fortnight</b>
Maximum rate Rent Assistance	\$104	\$98.20	\$98.20	\$104
Maximum payment if rent above	\$231.27	\$281.53	\$281.53	\$231.27
No payment if rent below	\$92.60	\$150.60	\$150.60	\$92.60
<b>Allowable Income</b>	<b>Per Fortnight</b>	<b>Combined</b>	<b>Combined</b>	<b>Combined</b>
Full pension <sup>5</sup> (no dependent children)	\$128	\$228	\$228	\$228
Part pension <sup>6</sup> (no dependent children)	\$1455.25	\$2435	\$2435	\$2882.50
Extra allowable income per dependent child	\$24.60	\$24.60	\$24.60	\$24.60
<b>Allowable Assets</b>		<b>Combined</b>	<b>Combined</b>	<b>Combined</b>
Full pension <sup>7</sup> – Home owner	\$161 500	\$229 000	\$229 000	\$229 000
Full pension <sup>7</sup> – Non-home owner	\$278 500	\$346 000	\$346 000	\$346 000
Part pension <sup>8</sup> – Home owner	\$338 500	\$523 500	\$523 500	\$583 000
Part pension <sup>8</sup> – Non-home owner	\$455 500	\$640 500	\$640 500	\$700 000
<b>Deeming Rates and Thresholds</b>	<b>Rates effective 20 March 2007/Thresholds from 1 July 2006</b>			
		<b>Combined</b>	<b>Combined</b>	<b>Combined</b>
Threshold	\$38 400	\$63 800	\$63 800	\$63 800
Rate below threshold	3.5%	3.5%	3.5%	3.5%
Rate above threshold	5.5%	5.5%	5.5%	5.5%
<b>Utilities Allowance<sup>9</sup></b>				
March 2007 Instalment	\$53.00	\$53.00	\$26.50	\$53.00 each
<b>Telephone Allowance<sup>10</sup></b>				
	\$21.40 p/q	\$21.40 p/q	\$10.70 p/q	\$21.40 p/q each