

**The Secretary
Senate Community Affairs Committee
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**SENATE COMMUNITY AFFAIRS COMMITTEE
INQUIRY INTO THE COST OF LIVING PRESSURES ON OLDER
AUSTRALIANS**

Submission to the Community Affairs Committee.

My wife and I (75 & 78 years old) are self funded retirees with combined investments of between \$250,000 and \$300,000 (depending upon stock market valuations). We own our own home and our only other asset is a small car. We have a part pension based upon the valuation of our assets at any given time and the pension falls nearly evenly between the Income Test and Assets Test.

Our taxable income including the part pension (excluding capital gains) for the past year is approximately \$34,500. We belong to a Hospital Contributions Fund which costs about \$2,200.00 p.a. (almost 6.5%) of our income. (See later note re inequality of Medicare Levy to cover medical costs nationwide). Despite this my medical expenses last year were \$4,362.23 – and that was less than the year before!

With that brief introduction I'll try and cover some of the points in your inquiry.

(a) The cost of living pressures on older Australians, both pensioners and self-funded retirees:

(i) The impact of recent movements in the price of essentials, such as petrol and food.

Petrol: We cannot travel as far as we used to and a motoring holiday is out of the question. Our last trip away was three nights at Caloundra with an accommodation "special deal". Even then this had to be made to include a visit to Brisbane Hospital (which is normally 112 kms each way a visit) in order to make it worthwhile. We do have travel vouchers for NSW railway but they are next to useless for us as we live a short distance from the Queensland border so our journeys take us into Queensland before NSW.

Food: Journeys to the supermarket now mean two things – mostly buy the discounted items (if they are sufficiently discounted) or go without. Fresh fruit and produce (a supermarket misnomer!) are left on the shelves unless they are the right price. Frozen goods and imported canned goods are usually the better buys – which means that most times we are not buying Australian. We no longer look to buy Australian – we look to buy cheap. We used to be able to buy a reasonable meal at the local clubs for \$3 but as a direct result of the NSW Labour Government increased the poker machine taxes the cost has gone up to \$4 which makes it a borderline decision to go. However, at the bingo one can occasionally win a coveted meat voucher.

(ii) The costs of running household utilities, such as gas and electricity.

Why you would need a Senate enquiry to determine these costs is beyond me unless you are so far out of touch with the day to day running of a household I suggest you get real

and get amongst your pensioner constituents face to face. You may then find that we have to put on another jumper instead of turning on the heater.

(iii) The cost of receiving adequate dental care.

I don't find this a problem with health insurance cover (in part). However, in most cases that I have seen reported, the persons interviewed are those who would spend more on beer and cigarettes than personal health.

There are two recommendations that I would suggest (they won't help the current pensioner but would in the future).

1. Compulsory fluoridation of water supplies, and
2. Free school dental care for all children up to the age of 16 years.

(I should explain that I come from an era where these recommendations were applied. Additionally children had free milk supplied at school. We didn't have the dental problems in those days.)

(b) The impact of these cost pressures on the living standards of older Australians and their ability to participate in the community.

I am sure the general impact is not so bad in an area such as Tweed Heads where there are a number of clubs which cater to their needs, such as free transport to the clubs, bingo, etc. So, in the event, these clubs are taking away a lot of what I consider should be Government responsibility, be it state or federal. You are making so much fuss about childcare (what we oldies would call baby sitting the parents responsibility) and pouring money in that direction when you should consider putting more into aged care. I'm sure there are opportunities for this, particularly in country areas.

(c) The impact of these cost pressures on older Australians and their families, including caring for their grandchildren and social isolation.

No comment.

(d) The adequacy of current tax, superannuation, pension and concession arrangements for older Australians to meet these costs.

Current Tax Arrangements: Any tax scheme that needs 136 pages to tell you how to complete a tax form is totally inadequate. A young adult has a job to understand the complications never mind an 80 year old pensioner. I could devise a better system with a piece of cardboard, two drawing pins and a bit of string!

However as far as pensioners with no other income they are adequate.

Pension: The age pension on its own is inadequate in my opinion by about \$1,000.00 p.a. and I find it farcical that a Government cannot find the extra money, crying poor mouth, yet at the same time they can bring millionaires on board the pension scheme. It should be easy for a couple with investments of \$500,000.00 sensibly invested to live comfortably. In September the Government will give these people an extra **\$10,500.00 (approx) extra**. Yet those with investments under \$250,000.00 **get nothing extra**. You've not only got to **be** fair, you've got to **appear** to be fair! In this case the Government has failed on both counts.

Concession Arrangements: Generally speaking these are minimal and in some cases inadequate. We now have to pay more for essential medications as the result of both parties being too cheapskate to cover these costs in full. And can somebody please explain why a single person gets the same fortnightly pharmaceutical allowance as a couple - \$2.58!

If two people are sick surely it costs twice as much. There is no travel concession for attending distant places for medical attention – my own experience is several trips to Brisbane (over 100 kms), Southport (over 40 kms) and so on.

(e) Review the impact of government policies and assistance introduced across all portfolio areas over the past 10 years which have had an impact on the cost of living for older Australians.

I am not competent to comment but I am sure you will find many which have had an impact. I would be interested to learn how many of these have been introduced just prior to an election.

Summary:

In my final analysis I would really like to make just three comments, one addressing one of the most important aspects your enquiry seems to have missed, that is home maintenance, the inadequate pension, and the other the inadequate health service.

Home Maintenance: You really should be concerned for those home owners who rely upon the pension alone. I am aware of elderly people whose homes are falling into a state of disrepair and with no hope of maintaining even the simple living standards they have fallen to. Whilst local government does give some relief from rates it is only a drop in the ocean. Insurance premiums become a burden that many shrug off as unaffordable and thereby leave them vulnerable.

Those with some retirement savings, such as us, find their savings dwindling as major repairs and replacements arise. In order to maintain our savings and lifestyle we have had 4 moves of house, selling and buying into a smaller, newer property in a less expensive area. We have no income to replace savings and at today's rates every \$1,000.00 spent from savings is a cost to income of about \$62 p.a. for the rest of your life.

Pension: By only altering the Assets Test, the gargantuan leap to take place in September this year has placed the Income Test/Assets Test concept out of balance and needs to be looked at really closely and urgently to stem major dissatisfaction. I suggest that this alone could cost the next election. The Assets Test side of the equation has altered and I suggest that the Income Test side of the equation should be adjusted; for instance by increasing the maximum amount of earnings allowed, from the \$225,000.00 that it is at the present time to, say, \$400,000. **The minimum rate of pension is totally inadequate and must be adjusted upwards** to equate closer to \$1,000.00 a fortnight.

Health: Of major concern to pensioners are health and totally inadequate facilities and funding. I believe that ALL health (including dental, ambulance, hospital, doctors, and medications) should come under one umbrella and that the government of the day should ensure that adequate funds are provided, so as to include new facilities and the maintenance of existing assets.

I pay over 6% of my income on Private Health Insurance because of an unreliable Medicare system. Surely you could increase the Medicare levy (say to 5% on all taxable income over \$25,000.00) to make necessary improvements.

G Sharpe

12th July 2007