

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

13 July, 2007

INQUIRY INTO THE COST OF LIVING PRESSURES ON OLDER AUSTRALIANS.

My wife and I were made redundant 10 years ago as part of Jeff Kennet's Municipal Reform process that unfortunately threw the baby out with the bathwater and has left our Shire in a very unprepared state as far as Emergency Management is concerned but that is another story.

Being on a Disability Pension and Partner's Allowance for most of that time enables us to speak on this matter with great expertise. Our submission is respectfully lodged in accord with the Terms of Reference for the consideration of your Committee.

(a) the cost of living pressures on older Australians, pensioners & self funded.

- **Impact of recent movements in the price of essentials such as petrol & food** has further tightened an already tight annual budget. Every year of the past ten, my wife has been complaining that our meagre income is barely keeping up with the ever increasing cost of food. The major offenders are Coles & Safeway who put item prices up by not just a few cents but 10, 20 and 40 cents at a time. Over those years we have bought very little in the way of new clothes or shoes. The rising cost of petrol over the past couple of years now has us thinking twice about traveling very far from home and the need to multi purpose our trips, eg. Church & shopping locally, monthly PROBUS meeting at Greensborough & particular needs shopping / pay the Shire rates while in that area. It also means that we have to stick with our 10 and 15 year old clothes for a while longer.

As retirees we have to budget and manage our money carefully. Fortunately I have these spreadsheets on the computer for the past six (6) years showing ACTUAL prices for your review that nobody can argue with or fiddle.

In year 2002 we traveled 12,360 kilometers costing \$1,132.32 for petrol that works out to 9.2 cents per kilometer. Last year in 2006 we covered 11,969 kilometers that cost \$1,533.70 in petrol for 12.8 cents per kilometer.

That is a 39% increase in fuel cost alone in a period of 4 years that alone is way ahead of our pension increases and yet Government continues to double dip by hitting us with both excise charges as well as the GST!!!!

- **The cost of running household utilities such as gas and electricity** has absolutely amazed me. Taking out the figures from the past six years show that these three utilities have hardly changed from the cost point of view but unfortunately I do not have the metered usage figures from 2001/02 to measure against. Undoubtedly actual water usage would have been well down for the 2006/07 year with the drought and accompanying restrictions and I daresay electricity usage for air conditioning over the same long hot summer was well up.

<u>Year 2001 / 02</u>	Electricity \$942	Gas \$477	Water \$418
<u>Year 2006 / 07</u>	Electricity \$967	Gas \$422	Water \$416

The only thing we can say is thank God these costs did not increase to the degree of the food, insurance, petrol and other requirements of life that are shown below;-

	<u>Year 2001 / 02</u>	<u>Year 2006 / 07</u>	<u>Change</u>
Council Rates.	\$989	\$1,270	+ 28.4%
Telephone.	\$623	\$591	-- 5.1%
Health Insurance.	\$1,418	\$1,982	+ 39.8%
House/Contents Insurance.	\$473	\$518	+ 9.5%
Car Insurance / Registration.	\$646	\$753	+ 16.5%

The figures above for electricity, gas, water, rates and telephone are all our actual cost figures that have had the various concessions taken off from the original bill.

- **The cost of receiving adequate dental care** (still trying to hold with a local private dentist) does have an impact on our budget. My wife is going to need a new set of dentures within the next six months or so as the current ones are six years old and wearing thin. I am struggling to keep my ratty old teeth going for a few more years along with the partial denture that is six years old and has had a couple of repairs in that time.

While only a periodic cost, dental care is important to us and a couple of bills per year of \$100 plus does take some flexibility out of our lifestyle.

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

In general, cost is a major consideration in virtually everything we do. It requires us to plan ahead and combine activities wherever possible. It also means we have to carefully select one or two of the many outings organized by the PROBUS club each year that we might try to attend given the escalating costs of these outings / trips over the past couple of years.

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

Fortunately we are in reasonable health apart from my wife's deteriorating corneal graft on her left eye that has already been done a second time 11 years ago. We are also fortunate that we own our own home which means that we just have to control the day to day costs and try to put a little aside for a bit of a holiday along the way.

While speaking of cost pressures, I would point out that we are not an extravagant household. We only have one car, a standard 68 cm television bought with redundancy money, basic electrical appliances and cannot afford mobile phones or to be on the internet. Because of this latter point, we find we are being discriminated against more and more with banks and other businesses all pushing you to contact them via email and not providing adequate telephone or mail services. **Even Centrelink has now put on this stupid voice activated system that never understands what you are saying before having to put you through to a real person in the end wasting so much time.**

From a State point of view we refuse to contribute to Brack's coffers by playing the pokies, by exceeding the speed limit for revenue raising cameras and by using the toll road areas. We are also very unhappy about him forcing us to pay half the motor registration fee after it had been free to card holders for so long. We do spend each Friday looking after two of our six grandchildren during the day to allow our son and his wife to get established. After they are home, we then catch up with another two who have finished school for the day and spend time with them in the evening. While we do have to watch the budget, we are pretty active with a variety of things and often wonder how we ever found time to go to work!!!

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

Current tax scales commencing 1 July are obviously an improvement for the workers to those before but make little difference to us. While the lifting of the \$6,000 nil tax threshold would help pensioners and lower paid workers, we are hoping that gaining Senior Tax Offset status in this current financial year may improve our lot to some degree. **I have always been critical of (both) governments for not indexing the tax brackets and giving all Australians a much fairer go at life and for the building of their super in the longer term.**

Superannuation arrangements are much better now than they were in our day but I have always felt a truly National scheme for everyone would have been a better way to go rather than all these various industry ones that are floating around. Our

own super funds are very meagre and have only been built up in later years after building a home and raising a family of three. **One thing that we feel does need to be tightened up and policed more stringently by Government is the regular payment (monthly or no more than quarterly) by employers of the contributions owed to the various funds of their employees.**

Pension arrangements seem to be barely adequate and would obviously be much better if the annual increases were linked to the rate of increase enjoyed by politicians that are always supported by the “other side”. We do manage to get by with the benefit of a little extra from a Local Government super pension of \$288 per fortnight and some dividends from a small share portfolio.

Concession arrangements are helpful with rebates on electricity, gas, water, rates and telephone but the amount saved soon gets eaten up by the increases of the day to day expenses of food and petrol. One thing that would be of some benefit would be for the Commonwealth to standardize the use of the “Seniors Card” across the nation so people over the age of 60 are able to have the benefit of concession fares and other small discounts if traveling or visiting family in neighbouring states.

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

While there have obviously been a variety of good and bad policies / assistance introduced over the years, the major concerns that we have are noted;-

- Loss of the free motor registration,
- Prices of most things going up faster than the annual pension increases,
- “Double dipping” by Government with fuel excise and GST,
- “Double dipping” by the State with Stamp Duty and the GST on insurance policies for our home and also the home contents.

We trust this information may be of assistance in your deliberations and that it will help in providing some tangible benefit for older Australians in the near future.

Bernard Murray

Barbara Murray