

Seniors Finance and Lifestyle Survey. (COTA ACT)

Summary of Statistics and Findings.

Within the context of the united stand taken by the COTA organisation Australia wide, COTA (ACT) has drawn on its local experience and, more specifically, on the results of a survey entitled “Seniors Finance and Lifestyle Survey” to prepare a submission in support of “a Fair Go for Pensioners.”

The questionnaire asked 46 specific questions in 5 broad subject areas, as well as inviting general comment on personally identified problematic areas.

The 5 broad subject areas were:-

- Demographic (Age group and marital status)
- Residential (ownership/rental status and housing finance issues)
- Income source
- Health and dietary issues
- Social and recreational

Of the 2740 copies distributed, 699 were returned in time for inclusion in this submission.

Of the 699 responses, 80 % offered opinions, identified problems or presented information in addition to the set questions, across six subject areas which may be summarised as follows:-

- Income levels: adequacy of aged pension and superannuation.
- The corollary to inadequate income, rising prices; particularly fuel, food, medical costs, utilities
- Transport: availability, suitability, affordability.
- Health, medical and dental (waiting periods, costs, bulk billing, private health cover.)
- Housing, aged care facilities, accessibility and affordability.

There were also less numerous comments on approximately 60 different issues ranging from taxation, immigration and foreign policy to deeming, utilities, indexation and legalising euthanasia.

The survey in the context of population and demographic.

The 2006 census showed there were 66,000 people aged 55 or over in the ACT. Survey forms were distributed to 2740 households. The response rate of 699 completed surveys from 399 single person households and 300 couple households represented data from 999 individuals or a 1.45% statistical sampling of the target population.

Whilst care was taken to distribute the survey across as broad a cross section of the aged community as possible, the likelihood is that responses to such surveys generally issue from the better informed, the better educated and the better organised. On the balance of probabilities, this may equate with a disproportionately high socio-economic grouping within the senior demographic. No effort has been made or indeed can be made to accommodate this perceived bias. Consequently

whilst the information derived from the survey presents a far from rosy picture, the reality may be even less optimistic.

It may be further concluded that given the data which supports the ACT as generally having Australia's highest average income, the highest educational standards and resultantly, the highest living standards, that this survey may not represent a typically Australian picture and that in many instances, the typical Australian may be worse off than the typical Canberran.

This theory is supported by higher than national average home ownership coupled with high average house values in the ACT.

It is, however, opposed by the theory that the aged pension, as a benchmark, is constant across the nation and in many less "affluent" areas, eg rural Australia, the pension will buy more in terms of rent, utilities, rates and some "cost of living" expenses. The term "asset rich, cash poor", gains particular relevance for Canberrans in this context. See final comments.

Overview of Statistics

Percentage of people surveyed.

Criterion: Household type

| | |
|-----------|---|
| 57% (399) | of surveys received were from a single person household |
| 43% (300) | of surveys received were from a couple household |

The number of people thus represented by the survey was 999.

The age recorded for the purposes of the survey was that the oldest member of the couple, where it was noted that the ages fell into different categories. In fact only a small minority of couples recorded different age groups.

Criterion : Age

| | |
|-------|-------------------|
| 13 % | were aged 55-64 |
| 32 % | were aged 65-74 |
| 41 % | were aged 75-8 |
| 14 % | were aged 85 plus |
| 100 % | |

Comment

Criterion: Home occupancy-Ownership

| | | |
|------|----------------|---|
| 82 % | of respondents | own their own home outright |
| 6 % | of respondents | have a mortgage |
| 0 % | | pay more than 30% of income as mortgage |
| 4 % | of owners | have a reverse mortgage (no payments) |

| | | |
|------|----------------|--|
| 14 % | of home owners | believe that rising costs will prevent appropriate maintenance and repairs |
| 46 % | of home owners | are concerned about meeting their commitments |
| 22 % | of home owners | envisage having to move because of rising costs |

Comment

Nearly half of home owners are concerned about meeting their commitments. More than one third of these believe that rising costs will prevent essential repairs and maintenance. Nearly half of this same group envisage having to sell their home.

Some comment that sale of property will not finance entry to retirement village or aged care.

Criterion: Home Occupancy- Renting

| | | |
|-------|----------------|---|
| 6 % | of respondents | are in public housing |
| 4 % | of respondents | are in private rental accommodation |
| 100 % | | of private renters pay more than 30% of income. |

Comment

The survey form failed to identify equity interests in Retirement Villages as home ownership. This resulted in an apparent failure by some respondents to complete the questions about home ownership status. The anomaly will be insufficient to influence the results of the survey. It is also likely that people living in family owned granny flats (and not paying rent) and hostel dwellers will be among a small number with undefined residential status. Additionally, it is possible that some persons who have answered in the affirmative to “reverse mortgages” also answered in the affirmative to “mortgages” when in fact the mortgage is simply part of a “reverse mortgage.”

Criterion: Income Source

| | | |
|------|--|---------------------------------|
| 12 % | | receive full Centrelink pension |
| 9 % | | receive DVA entitlement |
| 32 % | | receive part Centrelink pension |
| 47 % | | are fully self funded |

The following shows the income source according to age group.

| | 55-64 | 65-74 | 75-84 | 85 plus |
|--------------------------|--------------|--------------|--------------|----------------|
| Full Centrelink | 2 % | 4 % | 7 % | 2 % |
| Part. Centrelink | 2 % | 12 % | 14 % | 3 % |
| Fully Self Funded | 9 % | 14 % | 16 % | 6 % |
| DVA | 1 % | 1 % | 5% | 2 % |
| Total | 14 % | 31 % | 42 % | 13 % |

Comment

Because of the eligibility requirements for aged Centrelink benefits, there are no male aged pensioners between the age of 55 and 65 and there are no female aged pensioners between the age of 63.5 and 65 years old. Consequently, the statistic which reveals the 55-64 age group will comprise

- self funded retirees (9 %)
- recipients of disability benefits
- recipients of unemployment benefits
- employees
- female age pension recipients between the age of 63.5 and 65

The survey will have failed to identify all but the self funded retirees, however some invalidity pensioners who completed the survey have identified themselves as part of the demographic by comments and observations on perceived inequities (between aged and disability pensioners), and the failure of the system to target specific disability needs.

The fully self funded group represents the largest segment across all age groups , presumably because Canberra is home to a disproportionately high number of retired Commonwealth public servants and defence personnel.

19 % of singles are on full Centrelink benefits. This represents 11% of the total survey respondents whereas only 3% of the survey consists of couples fully dependent on Centrelink benefits.

21% of the survey comprises singles who are fully self funded; this is 37% of singles. Similarly 21% of the survey are fully self funded couples. This is 21 % of couples responding.

Criterion: Anticipating a decrease in income because of recent financial market fluctuations.

| | |
|------|---|
| 52 % | of all respondents anticipated share markets and financial fluctuations would reduce future income streams. |
| 17 % | estimate up to a 10 % decrease |
| 25 % | estimate between 10 % and 20 % |
| 9 % | estimated a 20 %-30 % decrease |
| 2 % | estimated a 30 %-40% decrease |

Of the respondents anticipating reduced income streams,

| | |
|------|----------------------------|
| 28 % | were fully self funded |
| 14 % | were partially self funded |

Comment

If these expectation are realised, more fully self funded or partially self funded seniors , will become reliant or more reliant on Centrelink benefits.

47% of respondents are fully self funded and 32% of respondents are partially self funded and approximately half of each group anticipate a decline in income . A total of 56% of respondents believe their income will decrease. ie more than all the partially and fully self funded respondents.

This may indicate that a small percentage of respondents doubt the ability of the government to guarantee the existing level of Centrelink benefits.

Note: these estimates were made before the recent financial crisis.

Criterion: Health Issues.

| | |
|------|---|
| 32 % | do not have private health cover |
| 13 % | have ceased private cover because of cost |
| 56 % | do not have bulk billing by Medical Practitioner |
| 13 % | have reduced or stopped medical treatment because of rising costs |
| 7 % | don't take medicine or take less because of costs |

Criterion: Other Health Services/ Treatment.

In the last 12 months....

| | |
|------|---|
| 69 % | required specialist treatment |
| 66 % | required dental treatment |
| 38 % | required podiatry |
| 23 % | required Physiotherapy |
| 42 % | required hospitalisation |
| 12 % | required other forms of medical treatment |

Criterion: Diet

| | |
|------|--|
| 34 % | have adjusted their diet to cope with rising food costs buying less, buying cheaper, changing staples including less meat, fish, chicken, vegetables and “goodies” |
| 10 % | consider their diet inadequate to maintain good health |

Criterion: Life style

| | |
|-------------------------|--|
| 21 % | do not own a car |
| 50 % | drive significantly less because of rising costs |
| 4 % (of the 21% above) | have sold their car because of increased costs. |
| 14 % | are reliant on public transport |

Rising costs of living have decreased social and recreational activities as follows:-

| | |
|-------------------------|--|
| 21 % | attending church/ church activities |
| 30 % | Social Club eg CWA, Lions, Rotary |
| 30 % | participating in sport/activity |
| 19 % | craft activities / hobbies. |
| 19 % | Community activities. |
| 38 % | believe this has decreased noticeably in the last 12 months. |
| 49 % of all respondents | are involved in volunteering. |

| | | |
|------|---------------|--|
| 40 % | of volunteers | believe rising costs have or will limit their volunteering because of transport costs (inc fuel), eating out costs while on the job, being able to dress appropriately to the occasion and incidental expenditure. |
| 25 % | | say rising costs prohibit them visiting friends and family. |

Comment

- (1) The enforced decrease in a range of social activities may be seen as contributing to social exclusion. In an environment which recognises the negative effects of the exclusion process, and which is committing significant resources to socially including the aged, the CALD and minority groups of all persuasions, a measure as simple as providing sufficient income to afford a reasonable standard of living for a significant proportion of that target group seems a small price to pay to achieve dual objectives.
- (2) Volunteering has long been a strength of Seniors. Given that 40% of Seniors who are volunteers see a decline in their ability to volunteer because of escalating costs, we shall experience not only exclusionary trends as mentioned above but also the negative “accumulator effects” of unperformed community activity and also the erosion of Australia’s iconic image as the Volunteering Nation.” Additional to this is the retention of “social capital” which is a non tangible but real asset which if allowed , (encouraged) feeds back into the community by way of wisdom, experience, knowledge and perspective, contributing to the richness, well being and strengthened social fabric of our society.

Criterion: Warmth and Heating.

| | |
|------|---|
| 43 % | have had to modify how they keep warm in winter by going to bed early, by wearing more clothes, by using local room heating rather than central heating, by using heating at lowest possible level, by scavenging for firewood, by going without heating. |
|------|---|

Comment

Warmth as an essential creature comfort rates importantly on Maslo’s hierarchy of human needs. An inability to remain warm, additional to the attendant comfort and psychological factors, contributes to the plethora of winter ailments with implications for health care and mortality rates, an often overlooked minor factor with a long line of consequential outcomes.

Criterion : Dining out

| | |
|------|--|
| 37 % | in the last month have dined at clubs for discount meals, an average of 2 times |
| 44 % | have dined at a restaurant in the last month an average of 2 times |

Comment

Approximately one third of seniors dine fortnightly at clubs in order to obtain **cheap** meals which is specifically what this question asks. It seems clear from repeated comment that the remaining two thirds **cannot** even **afford** to buy **cheap** meals. For many, the only opportunity to dine out is when shouted by friends or relatives.

Marginally more than a third dine at restaurants fortnightly.

Only about 15% dine at clubs **and** restaurants which suggests that there are two separate clientele groups with a minor overlap. This reinforces the notion that one group frequents clubs as a matter of necessity because the meals are cheap. The other group has more discretionary income, and frequents restaurants as a matter of course but also chooses for matters of personal taste, to dine at clubs as well.

The dining trend follows the source of income, which affirms that this is an affordability issue. The lowest level of participation is by full Centrelink dependents and DVA recipients, followed by partial Centrelink pensioners and the highest level of participation is by fully self funded retirees.

The following figures examine **single** respondents who dine at both **clubs and restaurants**.

1 % for full Centrelink and DVA recipients

5 % for partial Centrelink recipients

8 % for fully self funded retirees

Given the infrequency with which these experiences occur and the relatively small number who participate, this is an indicator of austerity rather than an indicator of even modest living.

Criterion: Holidays (last 12 months)

55% of respondents have holidayed in the last year.

49 % (of holidayers), (27% of total) stayed with family or friends

68 % (of holidayers), (37% of total) self organised, drove and made own arrangements

37 % (of holidayers), (20% of total) enjoyed tours or organised trips

Holidays (next 12 months)

51 % are planning a holiday in the next 12 months

46 % anticipate staying with friends or family

| | |
|------|---|
| 66 % | will self organise and drive |
| 30 % | will take a scenic tour or organised trip |

Comment

The good news is that approximately half retirees had a “holiday” in the last 12 months.

The majority self organised and drove; for at least half, this involved staying with relatives. Only one third enjoyed a “proper” holiday. Similar percentages anticipate having a holiday in the next 12 months. The non car owners, were excluded from this most affordable of holidays as were many full Centrelink beneficiaries.

Only a small percentage have a holiday in consecutive years.

Criterion: Additional Comments.

80 % of respondents offered opinions about how standards of living could be improved for Seniors. The five dominant subject areas were itemised in the introduction. Some 60 other subject areas attracted comment. Some of these were closely linked to each other and to the main themes. Lists of these are appended to this paper.

Conclusions.

From what may be deemed a low starting point, there has been a significant decline in living standards for a great percentage of Seniors. The decline has been observable over the last 12 months.

The change may be more apparent for self funded retirees where discretionary income is being eroded by increased costs of living.

These people are among those who have sold their cars, decreased their social activity and are finding it more difficult to maintain their homes, pay for medication, heat their premises and generally live with a modicum of comfort. Some of these, who are home owners, are exploring the possibilities offered by reverse mortgages or are fearful of losing their homes. Others, particularly those who are renting, have little or no fall back position. It appears that all those renting from the private sector are paying more than 30% of their income as rent.

The change is not so obvious for individuals on full Centrelink benefits because, arguably, they had little or no discretionary income to start with. These are the people living on the brink of abject poverty; are far less likely to own or have owned a car, have no private health coverage and who wait long periods for medical treatment. Few will have had holidays or anticipate the prospect of having one. Life for many of these people appears to be an endless cycle of waiting for the momentary and minor relief afforded by payday.

Whilst the unencumbered home ownership rate of 82 % suggests a certain level of affluence, a different perspective is gained when viewed in the context that :-

- 46 % of home owners have doubts about their continued ability to meet their ownership commitments,
- 22% believe they may not be able to stay in their home ,
- 14% are unable to afford routine maintenance; and
- 4% have reverse mortgages.

These figures reinforce the notion of the term “asset rich, cash poor.” Whilst this is not a phenomena unique to Canberra, the rapid growth of the public service as public sector activities centralised in Canberra, and a housing policy which encouraged early purchase of government owned dwellings has produced a generation of retirees now facing the prospect of major maintenance or renovation. Notwithstanding the apparent values of ACT properties generally, the survey lamented that sale of properties was unlikely to finance entry to retirement villages or high level care should the need arise.

Health Care and Medical Issues.

Comment

The survey showed that 56 % of all respondents do not have a bulk billing GP and 32 % do not have private health cover. This includes the 15% who, in recent times, ceased private health cover because of rising costs.

13% of respondents have stopped or reduced medical treatment because of rising costs. A further 7% reduce their medicine intake because it is too expensive.

In the last 12 months:-

- 69% of over 55's required specialist treatment with an average waiting period of 10 weeks;
- 66% required dental treatment with an average wait of 8 weeks;
- 38% required podiatry with an average wait of 4 weeks;
- 23% required physiotherapy with a two week delay ;and
- 12 % required “other” forms of treatment with average delays of 7 weeks.
- 42% required hospitalisation, many in connection with the medical treatment mentioned above. The emergency cases were the “ lucky ones” because they got immediate admission.
- Some claimed waiting periods of up to 9 months.

Many respondents had long term and regular scheduled appointments which appear statistically to lower the waiting period for certain treatments.

Other “ forms” of treatment include:

- planned admissions for elective surgery
- Surgery for hiatus hernia and diabetes related amputation”, 4 and 5 month wait
- Various other procedures

It was believed that non - specified treatments would be included in “other,” however there was a comparatively small response which included a number of alternative treatments and therapies . It appears that that such items were included in “specialist” treatment. Which represented 69 % of treatments.

Dental

Sixty six percent required dental treatment.

This is an extremely telling statistic, given that dental health is a major determinate (and indicator) of overall health and wellbeing and that the demographic group whose dental development predates fluoridisation is now in most urgent need of dental treatment.

Given that the higher age groups demonstrated the greatest requirement for medical and hospital treatment, and this demographic is growing, there is an obvious need to anticipate future health care requirements. This will necessitate eliminating waiting lists for all medical and dental care, not just emergencies. It will require a means of assisting people whose GPs don't bulk bill to overcome the problem of paying at consultation and it will require an overhaul of the system so that access to medical treatment is not a function of the ability to pay.

Whilst many Seniors are coping well, there exists a significant group of fully dependent and partially dependent Centrelink beneficiaries, (and this extends to include disability and DVA pensioners) who clearly cannot consistently meet the most basic of regular living expenses.

It is this group that requires the most urgent assistance to attain even a modest standard of living, however this action should not be exclusive to this group or at the expense of the majority of Seniors whose life style may be seen as being eroded.

A final observation is that the survey attracted comment about the need for services and resources which are already available. This highlights the need for improved senior specific information and awareness programmes.