

## MEDIA RELEASE

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### Older Australians launch campaign to protect the pension

Leading seniors advocate COTA Australia today launched a campaign against proposed changes to the age pension.

COTA Australia CE Ian Yates said the campaign, *Hands Off the Pension*, was in response to the unprecedented level of feedback COTA is receiving from older people deeply worried about how they will manage if the changes announced by Treasurer Hockey in the May Budget come into effect.

Mr Yates said that while older people will be hit by the freezing of eligibility thresholds, changes to deeming rates and increasing the qualifying age to 70, they are most worried about the proposed changes to indexation.

“Changing indexation from a percentage of average weekly earnings to CPI only will dramatically reduce the standard of living for over 2.4 million Australian Pensioners,” Mr Yates said.

“Pensioners already struggle to make ends meet and they simply don't have any way to make up the difference should their pension income decline.

“Cutting indexation to CPI only will mean a big and growing cut to the pension over time and will result in many Pensioners spiraling into poverty, ill health and even homelessness.

“If only the CPI had been used since 2009 the Pension would already be \$30 per week or \$1,560 per year less, and that gap grows to over \$80 per week / \$4,160 per year in 10 years, and keeps growing.

“That’s a huge amount for Pensioners who already often have to make choices between heating, decent food, medications and a basic gift for their grandchild’s birthday.

“This measure is extremely harsh and goes beyond even that which was recommended by the Commission of Audit.

“Pensioners just don’t understand why the Abbott Government has targeted them in this way while hundreds of thousands of well off people continue to get superannuation tax concessions bigger than the value of the pension.

“These cuts are not the result of any public inquiry or proper policy process; they have not been justified, explained or consulted on; and Pensioners believed Mr Abbott when he promised them in the 2013 Federal election that there would be no changes to the pension.”

Mr Yates said COTA is calling on the Government to withdraw all proposed changes to the pension while a Retirement Incomes Review is conducted. If not then COTA is urging the Senate to reject all the changes.

“At the moment there are big winners and even bigger losers when it comes to how taxation, pensions and superannuation policies interact, which many people do not understand.

“It’s time we took the lid off an unfair system and had a proper look at all the opportunities and challenges of the ageing population and how we plan for retirement incomes into the future.

“The Review needs to be a public process involving consumer representatives and all stakeholders, and include pensions, superannuation and the taxation treatment of retirement assets and income.

“Current ad-hoc approaches to retirement income policy usually impact most on those who can least afford it and must stop. The proposed changes to the pension must be taken out of the mix while this full review is undertaken.”

**Ian Yates appears before the Senate Community Affairs Committee today. Supporters can sign up to the Hand Off the Pension campaign at <http://www.cota.org.au/australia/>**

The full submission to the Senate Affairs Committee is also available on the COTA website.

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## **HANDS OFF THE PENSION FACT SHEET**

### **WHAT ARE THE FEDERAL BUDGET MEASURES AFFECTING THE PENSION?**

In this year's Federal Budget the Government proposed to:

1. Index the Age Pension only by the Consumer Price Index (CPI) from 1 September 2017
2. Freeze eligibility thresholds for the Pension and pension related payments for 3 years from 2017 (i.e. don't index them as usual)
3. Reset deeming thresholds for Pension income testing from September 2017 - thresholds for singles will be reduced from \$46,600 to \$30,000 and for couples from \$77,400 to \$50,000
4. Increase the age pension qualifying age to gradually reach 70 years by 2035

Although these measures don't start until 2017 they have already been passed by the House of Representatives and are in the Senate for its consideration.

### **WHAT DO THESE BUDGET MEASURES MEAN FOR PENSIONERS AND OLDER AUSTRALIANS?**

1. These measures will dramatically reduce the standard of living of Pensioners, due to the cut in indexation. If the CPI had been used since 2009 the Pension would already be \$30 per week or \$1560 per year less
2. These measures will affect Full Pensioners worst -people with the least assets and other income will be hardest hit
3. These measures are blunt instruments that reduce the income of all part pensioners, rather than tackling community concerns about people with high assets receiving a part pension
4. These measures mean that older people unemployed due to age discrimination and lack of jobs will stay on Newstart for years longer rather than moving to the Age Pension.
5. These measures reduce the living standards of pensioners while leaving intact huge tax concessions to well off superannuants. Hundreds of thousands of superannuants get tax concessions bigger than the value of the single pension.

### **WHAT SHOULD HAVE HAPPENED?**

1. These measures were introduced in the May 2014 Federal Budget without any public inquiry or consultation, and despite election commitments that there would be no change to pensions.
2. What should happen is a Retirement Incomes Review be set up with an independent expert chair with a public engagement process involving all key stakeholders. The Review should cover pensions, superannuation and the taxation treatment of retirement assets and income. It should report by the end of 2015.
3. The Bills to cut the Pension should be withdrawn while the Review is happening. The Bills have already passed the House of Representatives and are being considered by the Senate.

For more detail on all the above you can access [COTA's submission to the Senate Community Affairs Committee](#) here for a full discussion of the proposed changes and the need for a Retirement Incomes Review

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