



## **Submission to the Select Committee on Cost of Living**

### **Older Australian's experiences of cost of living pressures**

**Prepared by**  
**COTA Australia**  
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## COTA Australia

COTA Australia is the peak body representing the almost nine million Australians over 50. For over 70 years our systemic advocacy has been improving the diverse lives of older people in policy areas such as aged care, health, retirement incomes, and more. Our broad agenda is focused on tackling ageism, respecting diversity, and the empowerment of older people to live life to the full.

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## Introduction

**COTA Australia**, the peak body representing the almost nine million Australians over 50, welcomes the opportunity to share with the Select Committee **older people's**<sup>1</sup> views and experiences about how their day-to-day lives and overall sense of wellbeing are being impacted by current cost of living pressures.

## Older people's key messages to the Select Committee

Older people want the Select Committee to know that, for many of them, cost of living pressures is not only exhausting their pockets, but affecting their **sense of self-reliance, health, wellbeing and patterns and frequency of family and community interaction**. As household bills rise, older people's worries about 'surviving' cost of living pressures are an ever-present foreboding concern.

Many older people's confidence in their ability to manage day-to-day financial affairs and live a 'good life' is shaken. Household budget adjustments needed to weather current cost of living pressures have, and continue to, cut deep. Older people tell of the difference they see between the life they lived previously and the life they are experiencing now. In a recent online engagement, an 88-year-old person said, *Never thought I'd find myself stranded on struggle street, but here I am. From where I stand, things only look to get worse.*

Older people say they feel captive to external economic matters they have minimal, if any, control over. Their **feelings of distress due to a loss of control over everyday life are compounded** by the **expectation of further cost of living rises** throughout 2023 and, possibly, beyond. As one 80-year-old person shared, *I am at my wits end. I am feeling desperate. There is little more I can do to maintain any façade of being in even modestly okay financial shape.*

Older people living in Australia have several key messages they want the Select Committee to hear. The context in which they want these messages understood is that the current increase in the cost of living is on balance, more a result of a collision world-wide events, than Australian Government fiscal mismanagement. However, their expectation is the Australian Government needs to intervene to help alleviate the current national fiscal crisis with a primary focus on individuals/families who are being harder hit by cost of living pressures than the general population.

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<sup>1</sup> Our submission is focused on the impacts of cost of living pressures on older Australians – that is all people living in Australia who are aged 50 years and older. Currently, this population segment totals close to 9 million people – approximately **34 percent of the total Australian population** (ABS, 2023). Of the total **older Australian** population, **2 percent** identify as being **Aboriginal and Torres Strait Islander**.

The messages older people want the Committee to hear are that cost of living pressures are now:

1. an everyday challenge for growing numbers of older people
2. eroding older people's sense of financial resilience and increasing fear and pessimism about what the future holds
3. forcing increasing numbers of older people to make personally tough decisions that adversely impact their quality of life, and in the more austere instances, are likely to impact longevity
4. experienced most severely by older people on the lowest incomes
5. compelling relatively well-off older people to reassess household expenditures, at this stage, principally in areas related to leisure, entertainment, as well as curtailing lifelong promises to adult children/grandchildren
6. being experienced unevenly within communities. Many older people empathise with and speak of their fears for younger people unable to find steady employment and single parent families attempting to make ends meet in an environment of escalating costs.

Through our engagements<sup>2</sup> with older people, we have a good understanding of the extent and prevalence of the cost of living pressures being experienced. We know the rising cost of run-of-the-mill essentials (food, rent/mortgage, utilities, petrol etc.) is making it increasingly difficult for many older households to manage their household budgets and live a reasonable quality of life.

Older people tell us that many of them are confronting unanticipated financial worries, with a sizeable number speaking of living with **high and increasing levels of financial stress**. Some say they are close to the pointy end of struggling financially and psychologically and, before week's end, dread the unyielding financial challenges the next week might hold. The **bottom line is many older people households just do not have enough money**.

## Changes older people are making to get by

In an attempt to manage cost of living pressures older people are adjusting their:

- a) behaviours, patterns of engagement
- b) how they allocate their household budget
- c) understanding of risk taking especially in relation to health and wellbeing
- d) expectations of living a 'good life'

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<sup>2</sup> COTA Australia has regular engagement with older people through our engagement email box, telephone conversations and targeted consultations i.e., focus groups and surveys such as our recent "cost of living" survey.

The following examples highlight ways in which older people are changing their expectations to manage cost of living pressures.

*Desperately need new dentures. At \$4000 never going to happen. This affects nutrition, mental health etc. (Female, 70 to 79 years, pensioner, renter, living in remote area)*

*Health insurance \$3,600 pa, house and car insurance \$2,400, Council Rates \$2,000 and sewerage rates \$1,400 and care registration tops out at \$10,000. With a declining income something has to give. (Male, 70-79 years, part pension, homeowner, living in a regional city)*

*The rent has been the biggest impact and loss of work meant we went through our savings. We now live week to week. Stressful. (Female, 50 to 60 years, employed, renter, living in a regional city)*

*Budget is tight and money is always at the forefront of my mind. This is stressful, but I need to manage this as best as I can. It's hard going. (Female, 70-79 years, part pension, homeowner, living in a rural area)*

As 2023 unfolds, increasingly older households advise they are confronting the need to make difficult purchase/payment decisions. The imperative being to prioritise expenditure with the now 'non-ultra essentials'<sup>3</sup> being relegated to the household backburner. The defining of what is a 'non-ultra essential' is dependent on numerous factors and tends to differ from one household to the next. However, at the broadest level, an individual's main source of income, rather than need, is fundamental to the decision.

Not surprisingly, older people on low fixed incomes and/or with a chronic illness or health issue are needing to make the deepest and most severe cuts into their household expenditure. People most effected tell of having experienced a dramatic shift from intermittently struggling to meet all financial commitments to now being preoccupied by persistent financial hardship. To pay for the 'ultra essentials' (for many this means paying for basic food items, electricity, gas, water, rent) people speak of their need to cut back on medications, GP and dental visits, age care services, as well as the buying fresh fruit and vegetables and reducing trips to see family and friends.

*I have had to cancel all psychiatrist and physiotherapist appointments and feel neglected and on the edge. I have not been to the dentist since before COVID and my teeth are breaking apart, but I cannot afford to do anything about it. (Male, 60 to 69 years, pensioner renter, living in a capital city)*

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<sup>3</sup> Older people identified many things that they saw as essential to their day to day lives and wellbeing. The term "ultra" was used by some older people to differentiate between essentials and essentials that they saw as non-negotiable or that they could not do without mainly rent, basic food items and utilities (electricity, gas, water). The use of the term "ultra" emphasises the gravity of the decision.

*I only use no-fee bulk-billed Telehealth GP consultations. I have cut back on medicine and prescription costs, physiotherapy, dentist. (Female, 70 to 79 years, pensioner, homeowner, living in a capital city).*

*I now only take my daily medication every 2/3 days. I delay seeing my GP until all my prescriptions are exhausted, even if I am in extreme pain and discomfort. (Male, 50 to 60 years, renter, living in a capital city).*

*Dental work is very expensive. Medicines don't only include prescriptions. i.e., osteomol, aspirin, magnesium, voltaren etc. All recommended by doctor, but not available on PBS. (Female, 70 to 79 years, pensioner, homeowner, Living in a regional city).*

*Other psychologist, physiotherapy [I've been given the five free visits to a physiotherapist to get pain relief, but i can't afford to use the so-called free visits as I'm told i have to pay up front \$100 and only get \$56 dollars back. That may not seem a lot to you but it's the difference of me being able to buy food or not. (Female, 70 to 79 years, pensioner, renter, living in a capital city).*

*Podiatry use to cost \$78 now want \$141 to see feet before cutting nails, only need that as at 85 feet are same as when born. (Female, 80 to 89 years, pensioner, renter, living in a capital city).*

*Quality of life with chronic illness becomes affected and there is a lot of worry about how to keep fit and dental care as these become more important as you age. But unaffordable. (Female, 70 to 79 years, pensioner, living in a retirement village in a regional city)*

Plus, numerous older people households have spoken about the current cost of living pressures having placed the following items well out of their financial reach:

- replacing household goods
- household repairs

For many non-homeowner older people, keeping up with rent payments is a major financial impost and a persistent source of anxiety. The imminent prospect of a rent increase clearly exacerbating renters' psychological wellbeing. As one older person shared: *My capacity to live is being swallowed by a mass of unpaid bills. I am a renter, and all else is sacrificed. Rent must be paid, it's non-negotiable. Life is seriously no picnic in the park.*

Other renters have mentioned the looming likelihood of having to move to an insecure housing arrangement, returning to an abusive relationship and/or the prospect of homelessness.

Some older people have told us that prior to 2021 they thought of themselves as being relatively well-off but now feel the pressure of price rises. Where once they would have described themselves as 'financially comfortable' and living 'free from money worries' now, due to cost of living pressures, forced to make lifestyle changes and/or modifying expectations. They tell of having to cut back on holidays, theatre and other subscriptions, eating out less regularly or at cheaper restaurants. Many are thankful they currently have some form of savings to fall

back on. However, reducing the 'nest egg' is causing nervousness about the shape of their futures.

Paying for insurance (health, building, contents, car etc.) is increasingly difficult. It is a major household budgetary impost and while people are not sure that the products represent true value for money they do not want to compromise. People speak of their dread of cutting back on health insurance given the reduction in the number of GPs bulk billing, the costs associated with visiting specialists, dental care and any non-crisis, in-hospital stay. Others, especially those living outside metropolitan cities, share their trepidation about cutting back on housing and contents insurance due to the increased incidence of natural disasters – storms, hurricanes, floods, bushfires etc.

*How would I find \$22 to \$26 thousand for a knee replacement. I am no holds barred trapped into keeping my private health insurance cover. I want to but haven't cut back on any insurance coverage as they are vital to my health and wellbeing. However, I can understand how some have had to make decisions about what are their priorities. (Male, 80 to 89 years, pensioner, living in a retirement village in a capital city).*

*My health is so important. I sacrifice to keep private health cover for knee/hip operations, but the gap payments mean I have to put off any specialist visits (also a big gap payment) so that I don't consider operations that I cannot afford. (Female, 70 to 79 years, self-funded retiree, homeowner, living in a capital city).*

*I keep basic health cover. Cut back on transport, food and living costs. I isolate at home and rarely go out, yet socialise. I keep my phone communications. I have had to give up heaps. (Male, 70 to 79 years, part pension, homeowner, living in a capital city).*

*Costs of insurance of all types appear to have increased rapidly. I understand what I risk if I do not renew policies, but it is sometimes difficult to find the additional sums required ... in recent years with Australian bushfires and flooding, ... such tragic happenings. (Female, 70 to 79 years, part pension, homeowner, living in a capital city).*

## COTA Australia Cost of Living Survey

In addition to our regular engagements with various groups of older people, in February 2023 we invited our online subscribers to complete a brief survey in relation to cost of living pressures.

Survey respondents (refer Appendix 1) substantiated what older people have been telling us over the past 6 to 8 months — despite prioritising household expenditure so as meet 'ultra essential' financial commitments, cost of living pressures are exhausting household finances. Older people described themselves as being drained of their sense of financial resilience. They

also expressed anxiety about the future.

*I expect to be more impacted over time as inflation continues. (Male, 70 to 70 years, self-funded retiree, homeowner, living in a regional city).*

*God only knows where we'll be in 6 to 12 months time. I fear for myself and for young families struggling now to make ends meet. (Male, 80-89 years, part pension, living in a retirement village in a rural town).*

*The cost of power and gas has become increasingly expensive...I am anxious about the upcoming winter and the choices I will have to make, to be warm or eat. The cost of food is very expensive, ... (Female, 50 to 60 years, employed, homeowner, living in a capital city).*

*Worry about if i can afford to be alive in another 5 years. My health is good, ..., i served in B.A.O.R. Korea and Cyprus in the 50's... (Male, 80 to 89 years, part pension, homeowner, living in a capital city).*

*I'm managing Ok now but I'm worried sick about the projected increases especially about power bills. (Female, 50 to 60 years, pension (disability), renter, living in a rural area).*

*I always budgeted but now I can't make it stretch... This is painfully upsetting, and I fear the worst is yet to come. (Female, 70 to 79 years, self-funded retiree, homeowner, living in a capital city)*

## Conclusion

The current rise in the cost of living is impacting adversely on older people. They are being hit hard by increasing prices for food, utilities, petrol, health and, where applicable rent. Many have shared their experience of, or risk of experiencing, an increased level of financial stress, food insecurity, social isolation and, for those who are renters or with mortgages, homelessness. Many older people are making valiant attempts to balance their budgets and continue to pay for their respective household's ultra essentials. However, there is no doubt older people's attempts to make ends meet by cutting back on groceries, visits to GPs, allied health practitioners and dentists, as well as socialising with family and friends and leisure activities come at a great personal and, pending, societal cost.

Older people expect cost of living pressure to continue to affect them throughout 2023. They know that without sensible, dignified government interventions they, and many younger people living in the 'Lucky Country,' will find themselves closing the door on their hope to live a 'good life' anytime soon.

COTA Australia would be pleased to discuss this submission further with the Committee.



## Appendix One - COTA Australia Cost of Living Survey

We undertook a survey of our subscribers from February 2023. The survey was undertaken online, and older people engaged with and promoted the survey within their own networks. These referrals led to a number of surveys being submitted in hard copy. In total **1,487 people responded**.

### Respondent – key characteristics

#### *Main income source*

- receiving the full age pension - 33 percent
- fully self-funded retirees - 25 percent
- receiving a part age pension - 24 percent

#### *Age range*

- aged 70 to 79 years – 50 percent
- aged 80 to 89 years – 19 percent

#### *Geographical location*

- remote – 1 percent
- rural – 17 percent
- regional – 29 percent
- capital city – 53 percent

#### *Living arrangements*

- homeowner - 66 percent
- living in a retirement village unit - 14 percent
- renting - 13 percent
- living with spouse/partner - 49 percent
- living alone - 40 percent

#### *Diversity*

- Aboriginal and Torres Strait Islander - 2 percent
- Culturally and Linguistically Diverse Background - 13 percent

Note: a full report on the findings of our survey will be available on the [COTA Australia website](#) in April.