

21 September 2023

Professor Allan Fels
Chair, Inquiry into Price Gouging and Unfair Pricing Practices
c/- Australian Council of Trade Unions
Level 4, 365 Queen Street
MELBOURNE VIC 3000

Submitted via <https://pricegouginginquiry.actu.org.au/>

Dear Professor Fels,

Inquiry into Price Gouging and Unfair Pricing Practices

Thank you for the opportunity to provide a brief submission to the inquiry which sees to consider:

- The extent of price gouging facing working people on essential items,
- The disproportionate effect experienced by cohorts of workers and vulnerable groups, and
- The effect of price gouging on the safety and mental health of workers providing essential goods and services.

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.

In preparation for a Senate Inquiry into Cost of Living pressures earlier this year, we spoke with a range of older people to prepare our submission.¹ Older people reported to us 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-

¹ COTA Australia Submission, Select Committee Cost of Living, Australia Senate, March 2023. Available from: <https://cota.org.au/information/resources/submission/cost-of-living-submission/>

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."*

As part of our engagement we received numerous responses a sample of which we have included for your interest below

"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)

"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)

"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).

"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).

"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).

State of the Older Nation 2023 – www.stateoftheoldernation.org.au

In addition the COTA State of the Older Nation report by Newgate Research is a representative national survey commissioned by the Federation of nine Councils on the Ageing (COTA) across Australia – including all eight COTA state and territory organisations and COTA Australia – in order to understand the views, life experiences and needs of Australians aged 50+.

This landmark report on the experiences and views of Older Australians is the third of the COTA Federation’s State Of The Older Nation (SOTON) reports. After another year living with COVID-19, combined with natural disasters at home, conflict overseas and cost-of-living pressures, it is perhaps unsurprising that COTA’s 2023 report tells the story of a cohort who aren’t feeling as good about the future as they used to.

As the cost of living continues to rise, older Australians are becoming increasingly pessimistic about their financial prospects, with fewer now seeing themselves as very financially secure. Older Australians who report being in a poor financial situation are particularly affected, with financial stress being the key reason for feeling like things are getting worse (59% mentioned this, compared to 31% in the previous survey).

Of particular note, the 2023 survey shows:

- 18% have overdue bills due to payment difficulties. This is slightly higher than 2021 (16%), although the difference is not significant, following a significant increase from 2018 (12%)
- Among those who had payment difficulties, the average number of bills overdue was 3.5 (3.7 in 2021, up significantly from 3.0 in 2018)
- While not an indicator of where financial prices has increased, the types of bills that were overdue provide some insights into how older people are choosing to manage their financial stresses included 11% identified Electricity or gas bills, 8% Council rates, 7% vehicle registrations, 6% mobile phones, 6% internet connections, 6% Home, contents and / or car insurance.
- 22% identified difficulties in accessing medical services with 31% reported the cost of the services as the reason why.

Paying for your bills

Older Australians have been historically overrepresented in the parts of the population who elect to pay for services via cheque and cash. The Government has announced the phasing out of cheques by 2030, and the lived experience reports we receive increasingly identify that an alarming number of businesses are moving to a ‘no cash’ business model. Unfortunately, there is no obligation on businesses to accept cash to pay for goods and services despite it being a legal tender.

Of further concern, is the closure of banks (reducing the availability of over the counter cash options) and the increasing reliance on use of debit/credit cards to withdraw cash. During COVID COTA Australia worked with the Australian Banking Association members to reach out to the hundreds of thousands of Australians who do not have an active debit card associated to their bank accounts, many of whom are older Australians. While some people took up the option of new ways to obtain cash, we understand there remains hundreds of thousands of older people whose only means to access cash from their account is over the counter options. Recent announcement from Macquarie Bank to eliminate Cash from their branches, and media reports

from ANZ that some branches will become cash free further exasperate the accessibility of cash for these older Australians.

It is worrying to many older people the impacts of the increasing number of businesses no longer offering to receive cash as a legal form of payment. In discussions with various business representatives, we are told that the cost of accessing and managing cash is a key determinant of the shift towards a cash-free business model.

It is troubling that despite the suggested cost savings of not managing cash, the cost of using debit and credit cards to pay for basic goods and services continue to be subject to an additional on top merchant fee. The RBA's March 2023 Total Average Merchant Fees for Debit, Credit and Charge Cards² analysis report a 0.29% - 2.01% charge for the use of cards.

Older people in particular report confusion around these additional charge costs appearing after 'tapping' their card, often noting that a prominent sign displaying these additional charges are not visible at or close to the physical terminal use to pay for goods and services or are not displayed at all.

COTA notes that if society is to move to an increasingly cashless society these hidden charges unfairly increase the cost of essential items across the board.

Aged Care – Home Care

Australia's aged care services are largely funded by Government with some co-contributions made by older people receiving these services. In Home Care services are provided in part by the allocation of a Home Care Package for purchasing services from Approved Providers. A new program 'Support at Home' is scheduled to commence on 1 July 2024. Services are delivered by a mix of non-profit, for profit and government based providers.

In January this year the Government the government has capped 'care management' fees at 20 per cent and 'package management' fees at 15 per cent. All exit fees were banned as are brokerage and subcontracting fees. As part of the foreshadowed Support at Home program, the Government has indicated that it will develop a price list of the maximum allowed price for services delivered under this program. Currently Home Care providers publish their prices on My Aged Care and the Department publishes a summary of Home Care Package prices on their website at <https://www.health.gov.au/resources/collections/national-summary-of-home-care-prices>. As at the date of this submission there is no data available on the average unit cost of common services to identify what impact the capping of home care fees will have had on the hourly rate of home care services.

Nevertheless, COTA Australia receives ongoing reports from older people accessing aged care services they believe aged care providers unfairly charge higher prices for services. In addition to the up to 35% of case management and package administration fees, they report concerns that some providers charge an hourly rate higher than they would otherwise be charged by a non-aged care provider for a similar charge. At this time, COTA does not have objective data to assess the extent to which these higher rates are unfair but can confirm that a significant portion of people accessing these services believe the rates to be higher than they should be.

² Available from <https://www.rba.gov.au/statistics/frequency/retail-payments/2023/retail-payments-0523.html>

Thank you for the opportunity to provide some brief remarks for the consideration of your inquiry. I may be contacted via email cirlam@cota.org.au or 0401 738 996 to discuss this matter further as required.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'C. Irlam', with a long horizontal flourish extending to the right.

Corey Irlam
Acting Chief Executive Officer