

I am 68 years old. I came to Australia to join my husband in 1982. I started work in 1983 and continued working until 2003 when osteoarthritis made commuting by public transport difficult.

From 1983 to 1988 I was a casual employee and was not eligible for superannuation. In 1988 I was made permanent and began to contribute the maximum 9% to the NSW State superannuation Fund. According to the terms of the fund when I joined I was not entitled to a pension so when I was made redundant in 1998 the only options were to preserve the total or take it as a lump sum. I opted for preservation but withdrew it in 2003 when it began to seriously shrink. At that time I put the money into a cash management account. I have changed banks but the bulk of the money still remains in a cash management account.

Over time the osteoarthritis in my spine has made me increasingly immobile and, sooner rather than later, I will have no option but to move into assisted accommodation. I have been hoping that the money I had saved would make it possible for me to do this without the necessity for selling the family home and leaving my husband homeless. For that reason I have been most reluctant to withdraw any earned interest. The interest however is taxed by the ATO and, since it exceeds the generous \$ 2,000 interest cap, I am considered a Pay As You Go taxpayer.

I'm sure that there are other people in similar situations and they may have arrived at solutions that I have not thought of. For those of us who worry about having to sell a house and uproot a partner perhaps it could be possible for the government to arrive at an agreement with the banks to set up special purpose tax free accounts. We are trying to help ourselves but while governments constantly preach self-help doctrines they penalize people like us who practice them.

If they persist in imposing a cap on earnable bank interest then it should be updated annually, \$ 2,000 might have been a lot of money in the past but in 2008 it is pathetically small. Surely governments should be offering incentives to encourage people to save instead of penalizing them for thrift. If it were not for my concern for my husband I would be tempted to squander all my savings and then demand that the government look after me when I am no longer capable of looking after myself.

'poverty is not natural, it is man-made..... and overcoming poverty is not an act of charity. It is an act of justice.'

Nelson Mandela

Christine Russell-Stone

CHRISTINE RUSSELL-STONE

Australia's Future Tax System

Submission

I am 68 years old. I came to Australia to join my husband in 1982, started work in 1983 and stopped working in 2003 because osteoarthritis in my spine made commuting using public transport difficult.

My husband, who is younger, still works full time but is starting part-time work in November. When this happens I may become eligible for some minuscule portion of the age pension.

I do receive a pension, a pro-rata Irish public service pension. It is paid fortnightly in Euros so the amount varies depending on the exchange rate. The annual total is, at most, \$ 11,000 which is approximately \$ 211 a week.

My problem is that this overseas pension is considered to be income and is therefore taxable. The injustice of this makes me very angry because, not only does this pension make me less eligible for the Australian pension, but, by the time the ATO takes its cut, I am a great deal worse off than other members of my peer group.

My suggested solution is that for people who share my situation the tax free threshold should be the Australian aged pension annual total. That would make all pensioners equal and would liberate people like me from having to go to the inconvenience and expense of having tax returns prepared by tax agents yearly.

Feeling hounded by the ATO for Pay As You Go tax and dealing with ATO call centre staff who tend to monologue in gobbledegook jargon that they justify by asserting that it is their 'script' does not contribute to a stress free old age.

When my fortnightly pension cheque arrives my first priority always is how much I must put aside to pay the tax bill. The Federal Government's seniors' bonus is welcome but it goes into that pocket as well. Receiving money from one government agency which has then to be returned to another agency seems to be the height of absurdity and it must cost a fortune to allocate and collect. After allocating my contribution to rates, power and food bills I find it almost impossible to spend anything on myself even when exchange rates are in my favour. The stress makes me more vulnerable where health problems are concerned and probably adds to government medical expenses.

Many elderly migrants do not declare their overseas pensions, I am penalized for being honest and every fortnight I bitterly regret my honesty. In my opinion if my country of origin is

generous enough to contribute to my support it is both unjust and immoral of Australia to take tax from this pension. I hope that the time has come for this injustice to be corrected.

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