



COTA National

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EXECUTIVE SUMMARY

COTA is putting forward 25 recommendations for action in the 2010-2011 Budget across seven key areas:

- aged care
- housing
- employment
- income support
- health
- transport
- essential services.

Some of the measures we are suggesting require additional funding this year whilst others set out a program for reform that will require different investment patterns in the future.

Some of the measures also require State and Territory cooperation and collaboration and these will need to be pursued through the Council of Australian Governments (COAG) processes.

Aged Care

The time for major redesign and reform of aged care is now here, as spelt out in the NACA Vision for Aged Care and Support. Immediately, there must be greater investment in aged care, in particular in community care, and more individual control over the type of care received to allow more people to remain within their community (Recommendations 1-3).

Housing

This is becoming a critical issue. There needs to be an increase in both the affordability and appropriateness of housing for older people. This includes increasing the supply of public housing, supporting the modification of existing housing, and ensuring new housing, public and private, is built to universal design standards to allow people to age in place (Recommendations 4-8).

Employment

We need a suite of measures to combat ageism and age discrimination affecting older workers, and a suite of incentives for employers to adapt to an ageing workforce. This needs to be accompanied by a package of income support and skills and training measures to ensure older people can acquire the skills that are required to fully participate in the labour force (Recommendations 9-15).

Retirement Incomes

A cost of living in retirement benchmark needs to be developed and a timetable for achieving it agreed. In addition there should be moves towards a more nationally consistent set of concessional arrangements (Recommendations 16-17).

Health

National health reform must improve affordability and access for older people. There needs to be immediate action in the areas of preventative health, oral health, patient travel and accommodation and the provision of health related transport (Recommendations 18-21).

Transport

There needs to be a more integrated approach to the transport needs of people who do not have access to a private vehicle. This includes more investment in public transport and development of more innovative community transport options (Recommendations 22-23).

Essential Services

The price of essential services such as energy and water has been rising much faster than the general cost of living and will continue to do so. Concessional arrangements need to take this into account and the level of concessions must ensure access by people with low and fixed incomes. Indexation of concessions needs to guarantee that concession maintains its real value in the face of cost increases. (Recommendations 24-25).

COTA NATIONAL – COUNCIL ON THE AGEING

COTA National - Council on the Ageing - is the national peak seniors' body, whose member organisations work with more than 500,000 older people living throughout Australia.

Its members are the eight State and Territory Councils on the Ageing in Queensland, NSW, Victoria, Tasmania, South Australia, Western Australia, ACT and the Northern Territory. These COTAs have both individual members and membership by seniors' organisations that bring a great breadth, depth and diversity of seniors' experience to COTA's work.

COTAs are democratic organisations with Boards elected by members and strong involvement of the constituency in their policy development and programs.

COTA programs involve many tens of thousands of seniors annually in community engagement, health promotion and social involvement.

COTA National has a focus on national policy issues from the perspective of older people as citizens and consumers. Policy Councils at state and territory level reflect the wide diversity of the senior demographic in Australia. These Policy Councils are represented on the COTA National Policy Council that approves COTA public policy.

COTA's prime objective is to promote, improve and protect the circumstances and wellbeing of all the six million plus older people in Australia - not just its own members - and in particular the vulnerable and disadvantaged. Its work draws on the views and experiences of today's seniors and on concerns for future generations of Australians.

COTA PRINCIPLES

COTA has five main policy principles that inform the initiatives in this Budget Submission.

1 - MAXIMISING THE SOCIAL, ECONOMIC AND POLITICAL PARTICIPATION OF OLDER AUSTRALIANS

COTA seeks to maximise opportunities for equitable social and economic participation by senior Australians, including by promoting positive approaches to the contribution of seniors and the ageing of the population.

2 - PROMOTING POSITIVE VIEWS OF AGEING, REJECTING AGEISM AND CHALLENGING NEGATIVE STEREOTYPES

COTA supports initiatives that recognise the capacities and contributions of seniors and actively combat ageism and age discrimination. COTA National believes that the impact of ageism, based on negative age stereotypes, restricts the participation and inclusion of older people in all aspects of Australian life. This has adverse effects on the community and on older people.

3 - PROMOTING SUSTAINABLE, FAIR AND RESPONSIBLE POLICIES

COTA is committed to the development of sustainable and equitable policies for seniors that take account of the needs of the entire community in the short and long term. It will develop policies which are fiscally and economically responsible and which fairly balance the competing needs and interests of diverse groups amongst the senior population and other sectors of the community.

4 - FOCUSING ON PROTECTING AGAINST AND REDRESSING DISADVANTAGE

COTA believes that all people have the right to security, dignity, respect, and safety, high standards of treatment and care and to equal participation in the community regardless of their income, status, background, location or any other social or economic factor. As a result COTA National will have a strong focus on seniors who are most vulnerable or disadvantaged in terms of these criteria.

5 - PROTECTING AND EXTENDING SERVICES AND PROGRAMS THAT ARE USED AND VALUED BY OLDER AUSTRALIANS

COTA develops policies and provides advice on maintaining and improving services and programs that seniors use and value. These include health care, employment, utilities, public transport, aged support and care services, housing and education and training. It will seek to ensure that there is an adequate 'safety net' of services and income support, which all seniors can access according to fair and equitable criteria in order to maintain an acceptable quality of life.

AREAS FOR ACTION

COTA has identified the following seven key areas for action in the 2010-2011 Budget:

1. Aged care (p8)
2. Housing (p9)
3. Employment (p12)
4. Income support (p14)
5. Health (p15)
6. Transport (p17)
7. Essential services (p18)

Some of the measures we are suggesting require additional funding this year whilst others set out a program for reform that will require different investment patterns in the future. Some of the measures also require State and Territory cooperation and collaboration and these will need to be pursued through the Council of Australian Governments (COAG) processes.

1. AGED CARE AND SUPPORT

COTA notes that the National Health and Hospitals Reform Commission made a number of recommendations for aged care reform in its final report and that the Government's consultation on the recommendations is currently underway. COTA welcomes the Government's proposed reference to the Productivity Commission for an inquiry into aged care. It is critical to the future viability of aged care that this Inquiry detail a reform agenda that will inform policy decisions and their implementation from the 2011/2012 Budget onwards. Our recommendations for this Budget could be implemented without compromising the outcomes of that Inquiry.

COTA strongly supports the National Aged Care Alliance's (NACA) recent statement "Leading the Way: A Vision for Support and Care of Older Australians" which sets out a "roadmap" for an aged support and care system designed around the older person and based on the vision that "Every older Australian is able to live with dignity and independence in a place of their choosing with a choice of appropriate and affordable support and care services as and when they need them." The importance of the NACA statement is its endorsement by the broadest range of consumer, provider, union and professional groups.

NACA will be putting in a Budget Submission with a detailed set of recommendations that are designed to put the Vision into practice and COTA will be supporting these.

COTA strongly endorses the principle that people should contribute to the costs of support and care according to their capacity and no-one should fail to access care because they cannot afford it.

COTA believes that the area of aged support and care that needs most urgent attention is the provision of community care. The majority of people want to, and in fact do, remain living in the community, either in their own home, with family or in some forms of supported accommodation and there needs to be adequate funding and range and levels of support to enable them to do so. In addition to providing adequate funding there needs to be greater flexibility in how that support is provided and COTA would like to see greater consumer input and choice around what services are provided and by whom.

Recommendation 1

That the Federal Government provides additional funding for a major increase in community care funding through additional Community Aged Care Packages, EACH and EACH Dementia packages in addition to the increases arising from the application of the planning formula used for the Aged Care Approvals Rounds.

Recommendation 2

That the Federal Government restore the level of funding for each CACP to its value when introduced in 1992, and that new levels of packages be introduced between CACP and EACH as an interim measure pending the results of the Productivity Commission Inquiry.

Recommendation 3

That the Federal Government funds a national trial of consumer directed care and support for community aged care and that consumer groups are included in the design, implementation and evaluation of the trial.

2. APPROPRIATE AND AFFORDABLE HOUSING

COTA has formed an Alliance with Aged and Community Services Australia (ACSA) to look at affordable housing issues for older people.

While much of the current focus on housing affordability is on first home buyers, a significant number of older people are facing a housing crisis of their own. The scarcity of affordable housing is becoming a serious contributor to poverty and disadvantage among older Australians. Prime Minister Rudd acknowledged the housing affordability problems among older people when he quoted the NATSEM estimate that in March 2008 112,000 households headed by a person aged over 70 were in housing stress, compared with 56,000 in 2004, a 100% increase in four years.

The underlying causes of the housing problems particular to older people are set to worsen. The size of all the age cohorts of older people is expected to increase dramatically over the next two decades. The Australian Housing and Urban Research Institute (AHURI) has projected that the number of people aged 65 and over in low income rental households will increase by 115% from 195,000 in 2001 to 419,000 in 2026. A significant number of aged care providers are reporting that the new Aged Care Funding Instrument (ACFI) is making low care facilities less viable. This will lead to a reduced supply of low care and in turn to increased demand for housing for older people in the community.

Housing affordability directly affects healthy ageing. Access to local services is a key determinant of health outcomes for older people. Single older people are especially at risk of housing stress causing poor physical and mental health. Low-income older people are at greatest risk of losing their independence when housing is beyond their means (Older Persons Affordable Housing Alliance Discussion Paper March 2009).

Recommendation 4

That the Federal Government, in conjunction with State, Territory and Local governments, create a National Older Persons Housing Strategy. The strategy would focus on two key areas:

- ***ensuring existing housing stock is maintained and enhanced to support people to age in place; and***
- ***increasing the supply of affordable and appropriate housing for older people;***

and should provide opportunity and incentives for partnership with current and prospective providers of older persons housing and accommodation.

Existing public housing stock

In terms of the existing stock it is clear that much of the public housing stock built in earlier decades is now unsuitable for older people. It has become run down or does not have the simple design features that would support older people to age in place, such as accessible bathrooms and open plan living areas.

There needs to be a systematic approach to making the existing stock more age friendly so that existing older tenants can remain in their homes where they are more likely to have community support mechanisms.

Recommendation 5

That the Federal Government ensure there is a national coordinated approach to existing public housing for older people that facilitates State Housing Authorities to develop social housing policies for older people that cover:

- ***maintenance and operational support;***
- ***desired social housing mix, stock location and stock design; and***
- ***community support services for older public housing tenants who face multiple disadvantages.***

Maintenance and modifications to all existing housing

Home maintenance and modification services can enhance safety within the home environment, particularly with respect to falls, support a slower rate of decline in older people and reduce care costs and enhance lifestyle and identity by increasing capacity for social participation, enhancement of physical and mental health.

Home maintenance and modification funding reduces Government's spending in other areas by decreasing the levels of hospitalisation and length of stay and enhancing capacity to manage individuals with chronic conditions in the community. This in turn can reduce or delay entry into residential care.

Currently most government sponsored home modification programs are funded by the Home and Community Care (HACC) program. Some State Housing Authorities also provide services such as loans for home modifications. They are usually provided on a joint funded basis with the client paying for the materials and the government funding paying for the installation. The increases in funding have not kept up with the increase in demand and it is clear current funding is inadequate to meet the needs of a rapidly expanding eligible population.

Recommendation 6

The Federal Government in conjunction with State and Territory Governments funds a national approach to home maintenance, modification and energy efficiency services that includes:

- ***a vision and framework for the extension of services to a wider population of older people with increased and consistent levels of service across the country***
- ***redress for the impact of energy efficiency upgrades where they further disadvantage older people***
- ***an emphasis on housing energy efficiency; and***
- ***the development of a research agenda to underpin the program***

Increasing supply

It is currently extremely difficult for older people to access public housing as new entrants anywhere in Australia and the situation is projected to worsen. The shift in public housing to priority being given to single people with complex needs and younger families has created a generational shift in the makeup of new public housing residents. AHURI has projected the demand for public housing for older people is expected to increase by 76%

between 2001 and 2016, with the highest increase in demand from those aged over 85 years. While demand is growing, ABS figures show in March 2008 public housing approvals fell to their lowest level in 30 years.

The Government's recent "Nation Building Investment" of 20,000 new social housing dwellings is an historic investment in housing infrastructure. This large program provides the opportunity to design and develop older people's housing options in creative and innovative ways that reflect consumer input and choice. It opens the door for such initiatives as mixed social and commercial housing developments; intentional communities based on interests rather than income and assisted living models. For these to occur older people, and their service providers, must receive a fair share of these new dwellings.

Recommendation 7

The Federal Government develop a policy framework for funding public housing for older people within any National Affordable Housing Agreement (NAHA) and economic stimulus package.

Another important aspect of supply is the appropriateness of the housing stock. Governments at all levels need to do more to support the aspirations of older people to remain at home as they grow older. Supporting older people to age in place will require rapid progress on developing accessible building standards and improved urban design processes including improvements in the environmental sustainability of housing.

In recent years, there has been growing awareness of the critical role played in supporting older people to remain in their communities through the implementation of accessible or adaptable housing using universal design principles. Universal design incorporates products and building features that - to the greatest extent possible - can be used by everyone

Currently there is no legal requirement for residential housing to be accessible in Australia. Without such regulation, it is very difficult to encourage architects, builders, developers planners and urban designers to provide barrier free environments or to create a consumer demand for such environments

Recommendation 8

That the Federal Government, in collaboration with the State and Territory Governments:

- ***amend the Building Code of Australia to adopt the principles of adaptable housing in line with AS 4299 to come into effect on 1 July 2010;***
- ***phase in Universal Design and sustainable living planning criteria; and***
- ***further facilitate the development of concepts such as Aged Friendly Cities and Lifetime Neighbourhoods.***

3. MATURE AGE EMPLOYMENT

In Australia the labour force participation rate of older people is lower than for any other group and there is a growing body of evidence to suggest that this is not all by individual choice. This has negative consequences for both the individuals, in terms of income, self esteem, health and the society as a whole, in terms of loss of taxation revenues, higher income support expenditures, loss of skilled workers etc. This is a complex issue and COTA believes there should be a package of measures delivered through a whole of government approach. The international experience shows there is a need for Government intervention and that there needs to be simultaneous action trying to address the key areas, as it is clear they are interwoven.

Ageism and age discrimination

The first thing that needs to be addressed is the issue of ageism and age discrimination. There is growing evidence that there is significant age discrimination against older people in employment practices in Australia and that this starts from age 45, possibly earlier than people have suspected. Unless this is addressed the other measures will not be successful.

This discrimination extends to existing employees as well as job seekers as older people report more barriers to accessing training and promotion opportunities within employment and pressure to retire.

The current Age Discrimination legislation is not strong and there is no dedicated Aged Discrimination Commissioner to help enforce it by sending out a strong message that Australia is serious about age discrimination in all areas of life, not just employment.

Recommendation 9

That the Federal Government

- *establish a full time position of Age Discrimination Commissioner within the Australian Human Rights Commission; and*
- *establish a review of the Age Discrimination legislation to strengthen and broaden its application.*

Recommendation 10

That the Federal Government funds a five (5) year national campaign to increase public awareness of age discrimination and ageism and to combat the negative perceptions about older workers.

Recommendation 11

That the Federal Government remove the upper age limits for the superannuation guarantee and for personal contributions to superannuation.

Redesign of work places and jobs

In addition to age discrimination employers have been reluctant to redesign the workplace or the workflow to accommodate older workers even where those workers have much needed skills and experience. Many small and medium sized enterprises do not have the financial resources, or technical skills, to be able to do this job and workplace redesign and would need support as well as convincing that it is in their interest to do so.

Recommendation 12

That the Federal Government fund incentives and provide support for employers to redesign workplaces practices and jobs to accommodate older workers.

Recommendation 13

That the Federal Government abolish federal upper age limits to workers compensation and through COAG ensure that workers compensation age limits are abolished at State and Territory level.

Skills and training

The problem here is a combination of older people starting off from a lower skill and education base combined with reluctance on the part of employers to provide skill development/retraining to older people. This is exacerbated by the fact that older people are over represented in the older industries that are being restructured. There is also an unwillingness to recognise prior learning and to acknowledge that skills acquired in other industries can translate into new ones

This all means that many older people do not get the opportunities to update their skills or learn the new skills that are required in today's workplace and so miss out on new opportunities with their current employers and are not well placed to find employment if they lose their current job.

Current Government policies around the provision of training and education may reinforce this disadvantage e.g.

- increasing use of user pays for higher education and training, particularly for second or subsequent qualifications;
- lack of adequate income support for education and training;
- lack of adequate tax incentives for both individuals and employers for training and skill development; and
- emphasis on training for school leavers with the various learning or earning schemes that have been introduced across the jurisdictions.

Any new initiatives need to include ways to encourage people to broaden their thinking on what jobs are available or what they could be doing. Whilst the end goal is to improve people's employability there needs to remain a strong element of choice around courses and possible new careers.

Recommendation 14

That the Federal Government fund a coordinated package of skills development/training initiatives for mature aged workers that could include:

- ***enhanced income support and/or tax incentives for individuals to upskill/retrain;***
- ***enhanced tax incentives/subsidies for employers who provide skill development or training for older workers; and***
- ***incentives for higher education and training organisations to provide targeted courses specifically for older people.***

Recommendation 15

That the Federal Government introduces a special income support package for training and skill development for people over 45 who are unemployed but do not qualify for Newstart Allowance because of the asset test.

4. RETIREMENT INCOMES

In its Submission to the recent Harmer review of pensions COTA made a strong case for the need to have a comprehensive retirement incomes policy, considered within the broader framework of the income support needs of older Australians, including those of seniors who are still in the workforce or receive Carer payments or a Disability Pension. The goal of this policy would be to ensure a decent standard of living for all older people.

Whilst this retirement income policy needs to look at all sources of income, the Aged Pension is, and will continue to be for many years, the major source of retirement income for the majority of older Australians. In 2008 77 per cent of Australians over the age of 65 received some income support. Even with the maturing of the superannuation system the proportion of retired Australians who receive the Age Pension will only decline slightly, although many more will receive a part-pension in addition to their private income, rather than relying upon the pension alone. (Harmer Review Background Paper).

The pension reforms implemented in 2009 have been welcomed by older people as a significant positive step. However, it is only the first step and more needs to be done if the goal is to be achieved. Within COTA there is general concern about couples not receiving any increase in pensions in the recent reforms and that rising costs will erode the single pension increase without a more adequate indexation regime.

Recommendation 16

That the Federal Government establish a “Cost of Living in Retirement” benchmark that is kept up-to-date with the real cost of living a healthy life as an active member of the community and establish a timetable to increase the age pension in line with this .

Recommendation 17

That the Federal Government work with the States and Territories through COAG towards a more nationally consistent approach to concessions.

5. HEALTH

The health of individuals and societies is directly related to social inclusion/exclusion. Healthy Ageing involves the three components of health, participation and security. It requires inclusive communities that foster and value the participation of all people, 'age friendly' environments, and positive attitudes and behaviours that prevent disease and promote well-being. There is a strong correlation between socio-economic status, wellbeing and health status across all age groups, no less for seniors. Underemployment and unemployment also result in a lack of wellbeing and deteriorating health status.

To effectively meet the needs of seniors, health services should have the capacity to provide a diverse array of flexible supports and care that are responsive to individual need, underpinned by the principles of healthy ageing. Empowering individuals by adopting a healthy ageing paradigm supports the efficiency and sensitivity of health services by:

- reducing demand
- enhancing accountability and diversity
- ensuring that the recipient's needs for independence, participation, care, self-fulfillment and dignity are acknowledged by service providers.

It is clear there is a need for some major reforms if the health system in Australia is to be able to meet the increasing health needs of an ageing population. COTA has welcomed the recent reports from the National Health and Hospitals Reform Commission, the National Primary Health Care Strategy and the Preventative Health Taskforce as well as the opportunity to participate in consultations around those reports.

COTA recognises that many of the decisions on the final directions for reform and related negotiations with the State and Territory governments will not be completed in time for the 2010-2011 Budget. This Submission focuses on the areas that COTA sees as either being in need of urgent additional funding that would not compromise the more substantial reform agenda, or where there already is agreement across jurisdictions and some commitment to implementing reforms.

Preventative Health

The NHHRC and the Preventative Health Taskforce both made a number of important recommendations around the need to put a more sustained effort into prevention and health promotion.

COTA welcomes the establishment of the Preventative Health Agency (subject to Senate passing the legislation) and agrees that it will play an important role in combating the increase of preventable chronic disease. COTA believes it is important that we take a life course approach to health prevention and have programs and activities that are targeted at particular groups, rather than taking a "one size fits all" approach. COTA wants to ensure older people do not continue to be forgotten in health promotion as the evidence is clear that there are significant benefits from prevention measures for older people, for individuals in terms of improved quality of life and for society in terms of reduced pressure on treatment services.

Recommendation 18

That the Federal Government implement a comprehensive health promotion program targeted at older people to decrease risk factors and increase protective factors for chronic disease and functional decline.

Oral Health

Oral health care is a national health issue and is a fundamental necessity for an individual's healthy ageing. The financial and health costs of poor and neglected oral health are well documented and the NHHRC acknowledged this and made a number of recommendations around dental health care.

Recommendation 19

That the Federal Government develop and fund a national dental and oral health plan, either specifically for older Australians both in the community and in aged care facilities, or with specific provision for older people within a broader national plan. The national plan should:

- ***focus on preventative oral health services;***
- ***ensure that treatment is appropriate and timely;***
- ***enable the public dental service to contract private dentists and services;***
- ***ensure that people in rural and remote areas have access to public dental services;***
- ***ensure that people with special needs including those in residential aged care have access to public dental services; and***
- ***be funded through Medicare or an alternative comprehensive program.***

Patient travel and accommodation

COTA acknowledges it is not always either possible or desirable to take all levels of care to the people who need it. There are good reasons around quality and safety for many more complicated treatments and procedures to be only delivered in larger towns and cities. As the NHHRC acknowledges, providing financial support for patients who have to travel is an essential component of guaranteeing access to the appropriate health service. The current system of individual State and Territory schemes all with different eligibility criteria and different levels of support, none of which are adequate, undermines the universality of our health system.

Older people living on low incomes, either through the pension or self-funding, are particularly disadvantaged by the current approach and they often struggle to meet the gap between what the scheme pays and the actual cost of accommodation and travel.

Recommendation 20

That the Federal Government, in conjunction with the States and Territories agree on a national patient travel and accommodation assistance scheme to be funded at a significantly increased level that more accurately reflects the actual costs for patients and their families.

Health Transport

COTA believes that the quality of older people's health is inextricably linked to their capacity to get transport to health services. The present lack of transport to take older people to health care is a barrier to good health.

This transport barrier prevents older people getting to both local and distant health services. For example, older people find it difficult to get transport to General Practitioners, to physio and occupational therapists, to x-ray services or to regular life-supporting care such as dialysis units.

They find it difficult to get to pathology services for one-off tests and for the regular tests needed for chronic disease management, and difficult to get to dentists for prevention or treatment. It is transport to routine and preventative health care, as well as to specialist services and acute care centres, that older people need to limit the decline in their health. Investment in transport to health care will reduce the cost burden associated with the use of acute care services by older people that results from their inability to get to preventative and ongoing care.

Recommendation 21

That the Federal Government through COAG include criteria and funding for health related transport services in all future agreements on health funding and require the States and Territories to report on the provision of such transport.

6. TRANSPORT

Many seniors rely on public transportation and community transportation for participation in the social and economic life of the community as well as for access to essential services. Most outer urban areas and regional and rural areas are poorly served with public transport. There are few services and little integration between various modes of transport. Driving a private car is not an option for many.

Our transportation systems are largely provided to cater for those who travel to work and school. For example, a National Aged Care Alliance Position Paper, *Transport and Access to Health Care Services for Older Australians* (May 2007) documents the limited capacity of existing transportation options to get people to the health care services they require. Advice to COTA indicates that in most jurisdictions a disproportionate amount of HACC funding for community transport goes almost exclusively to transport to health services, preventing funding for a range of other essential travel. For example, lack of access to shopping facilities and services such as banking and utility providers, are other well documented inhibitors to our ongoing independence as we age.

The use of private cars predominates in infrastructure provision. Those people, including older people, who are at home during the day, live in a network of largely empty roads that inhibit contact and interaction with others living in the area. People without private cars are faced with infrequent transportation services that operate on routes that are unlikely to go to the services and facilities needed, and unlikely to take older people to friends and relatives. Furthermore public transportation is largely designed for highly ambulatory, well balanced and agile people

Recommendation 22

That the Federal Government provide accessible, affordable, appropriate and better integrated public transportation though investing in upgrading and expanding all public transportation services for travel within and between regional centres and for travel within and between outer urban areas, while keeping fares at easily affordable rates.

Recommendation 23

That the Federal Government work with the States and Territories through COAG to develop and fund a framework of community transport provision that integrates with traditional public transport to create access for transport for the many activities of daily life of older Australians.

7. AFFORDABLE ESSENTIAL SERVICES

It is generally acknowledged in our society that people on low incomes spend a high proportion of those incomes on essential services such as electricity, gas and water. This means that price increases for these services have a disproportionately negative effect on this group. In recent years the price increases for these services have been greater than the underlying rate of inflation or increases in the CPI and the indexation of pensions and other income support payments have not kept pace.

There is some evidence that older people on low incomes have responded to these price increases by trying to reduce their consumption of these services or reducing consumption of other goods to be able to afford the essentials. For example they resort to trying to reduce heating bills in winter by going to bed early or getting up later, and this has a detrimental effect on their quality of life and in some cases their health.

Older people also try to reduce expenditure on other items including food and we are seeing a growing rate of malnutrition amongst the elderly living in the community.

Most essential services are delivered in a regulated environment with government controlling the number of providers and often the price charged. Introduction of competition for services like electricity was supposed to bring down the price but the evidence suggests the reverse has occurred. In the case of electricity the price is likely to continue to increase as we move towards a carbon reduction strategy that will push up the price of electricity produced from fossil burning sources, which is the major source of electricity in Australia.

The concessions for utilities are variable across the States and there needs to be a move to greater consistency and national agreement on the level and nature of those concessions.

Recommendation 24

That the Federal Government ensure indexation arrangements for income support for pensioners and beneficiaries adequately reflect the proportion of income spent on essential services and the higher rates of price increase for these services.

Recommendation 25

That the Federal Government work with the States and Territories through COAG to reform the nature and level of concessions on the cost of essential services so they are both consistent across Australia and set at levels that are adequate to ensure eligible concession holders can equitably access such services, and that they are indexed to maintain their value.

Approved by COTA National Policy Council: November 2009