



COTA Australia

**FEDERAL BUDGET SUBMISSION
2011-2012 BUDGET**

National Policy Office

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COTA Australia

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EXECUTIVE SUMMARY

COTA is putting forward 15 recommendations for action in the 2011-2012 Budget across seven key areas: ageism, aged care, employment, essential services, health, housing and retirement incomes.

Given the current fiscal situation and the desire of the Government to return the Budget to surplus we have proposed a mixed set of recommendations, with some measures that require additional funding this year and other longer term reforms that will require different investment patterns in the future.

Ageism and Age Discrimination

A campaign to reduce deeply instilled ageist attitudes in the community, coupled with removal of all age discrimination in legislation, is fundamental to improving the citizenship of older Australians (*Recommendations 1-3*).

Aged Care

There must immediately be a greater investment in aged care ahead of the implementation in 2012 of the Productivity Commission recommendations. In particular there must be an upgrading of community care and more individual control over the type of care received to allow more people to remain within their community (*Recommendations 4-5*).

Employment

COTA calls for an integrated Mature Aged Employment Strategy that provides incentives for employers to adapt to an ageing workforce along with 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. We are also looking for the removal of age limits for workers' compensation and superannuation contributions (*Recommendations 6-7*).

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 is needed to guarantee that concessions maintain their real value as prices increase. (*Recommendation 8*).

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, mental health and dementia. (*Recommendations 9-12*).

Housing

This is becoming a critical issue and needs a comprehensive national approach that addresses the need for an increase in the supply of affordable and appropriate housing for older people. (*Recommendation 13*).

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 a change to indexation arrangement to better preserve the real value of the pension. (*Recommendations 14-15*).

COTA AUSTRALIA

COTA Australia is the national policy arm of the eight State and Territory Councils on the Ageing (COTA) in NSW, Queensland, Tasmania, South Australia, Victoria, Western Australia, ACT and the Northern Territory.

COTA Australia has a focus on national policy issues from the perspective of older people as citizens and consumers and seeks to promote, improve and protect the circumstances and wellbeing of older people in Australia. This submission incorporates the views of our members developed through various consultation mechanisms and agreed by the National Policy Council.

COTA's policy work is guided by five policy principles:

- maximising the social, economic and political participation of older Australians;
- promoting positive views of ageing, rejecting ageism and challenging negative stereotypes;
- promoting sustainable, fair and responsible policies;
- focusing on protecting against and redressing disadvantage; and
- protecting and extending services and programs that are used and valued by older Australians.

AREAS FOR ACTION

COTA has identified the following seven key areas for action in the 2011-2012 Budget:

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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. AGEISM AND AGE DISCRIMINATION

COTA believes that the impact of ageism, based on widely held and deeply embedded age stereotypes, restricts the participation and inclusion of older people in all aspects of Australian life. This has adverse effects on the broader community as well as older people. Unfortunately the evidence suggests that ageism is alive and well in Australia across all spheres of activity.

The COTA National Policy Forum in 2010 focused in some depth on ageism and age discrimination. Action plans developed out of that Forum form the basis for the proposals in this submission. One of the key recommendations from the Forum was the establishment of a dedicated Age Discrimination Commissioner. COTA is very pleased that the Government has promptly introduced the legislation to establish this position within the Australian Human Rights Commission and looks forward to working with the Commissioner in the future.

The establishment of a Commissioner is a necessary but not sufficient step in the reduction of ageism in our society. In addition to the Commissioner it is important that community attitudes are changed so that older people are seen as having rights and as being positive contributors to our society. To achieve that attitudinal change COTA believes there needs to be a national public education and awareness campaign which includes national messages as well as grants for more localised initiatives to ensure maximum penetration, both over several years.

Recommendation 1

That the Federal Government fund a new five year broad public awareness and education campaign aimed at promoting positive images of older Australians, making people more aware of ageist attitudes and behaviours and encouraging people to take action to protect the rights of older people.

Ageism is further entrenched in our society by the inclusion of age barriers and limits in some legislation and regulations. It is important that all such barriers be identified and reviewed to see if the rationale for having the age limits is still valid, with a prima facie presumption that it is not.

It is also important that new legislation and programs do not apply unnecessary age limits and that possible adverse impacts on older people are identified and mitigated wherever possible, and opportunities to advance the citizenship of older people are fully utilised.

Recommendation 2

That the Federal Government provide funding for the Age Discrimination Commissioner to commence a complete review of existing legislation, regulation and policy settings to identify age related provisions or practices that need to be removed.

Recommendation 3

That the Federal Government introduce Older Persons' impact statements for all new policy initiatives and legislation.

AGED CARE AND SUPPORT

The Productivity Commission Inquiry into Caring for Older Australians will report in June 2011 and COTA urges the Government to undertake substantive reform of the system once that Inquiry has reported. We believe that substantive changes in the patterns of aged care investment should take place in the context of the Productivity Commission recommendations and should commence implementation in the 2012-13 Federal Budget.

However COTA believes there are two issues that are urgent and can be addressed in this Budget without pre-empting the Productivity Commission's recommendations or the Government's response. These recommendations are in line with recommendations in the National Aged Care Alliance (NACA) submission.

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. There needs to be adequate funding and an appropriate range and levels of support to enable them to do so, which is not the case now. 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 4

That as an interim step in aged care reform the current separation of community care into Community Aged Care Packages (CACPs), Extended Aged Care at Home (EACH) and Extended Aged Care at Home Dementia (EACHD) be replaced by one provision, with approved providers being able to offer the level of care required to meet clients' assessed needs, on terms negotiated with clients.

COTA is also concerned about the sustainability of aged care and notes concerns raised by service providers about the level of funding not keeping pace with increases in costs. This is leading to decreases in the quality of care and reduced access as service providers restrict services or do not take up new places on offer. This is true for both residential and community care.

We have raised previously the need to have an indexation arrangement that better reflects the real cost pressures that aged care providers are facing, plus the urgent need to improve wages in aged care. Whilst we anticipate that the Productivity Commission will make recommendations on funding as part of its reform package, those reforms will take some time to be fully implemented. We believe something must be done now to maintain the real value of the current funding to ensure older Australians can access the care they need.

Recommendation 5

From 1 July 2011, and until such time as the indexation method is reviewed and revised, all aged care subsidies be indexed by the greater of the Consumer Price Index (CPI) or the All Groups Pensioner and Beneficiary Living Cost Index (PBLCI) for the year ending 31 March, rather than the totally inadequate COPO Index.

2. EMPLOYMENT

In Australia the labour force participation rate of older people, while increasing, is still lower than for any other cohort. There is a growing body of evidence to suggest that this is not all, or even primarily, 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. COTA welcomed the establishment in February 2010 of the Mature Age Participation Consultative Forum by the then Minister, Senator Arbib and the implementation of the *Experience Plus* program in the 2010 Federal budget.

COTA also welcomed the commitment in the Delivering for Seniors Package of an additional \$30 million in funding for the *Experience Plus* program to deliver more workplace based training for workers age over 50 and for up-skilling of up to 7,500 mature age workers.

In our Budget submission for 2010-2011 and in our 2010 Federal Election Platform COTA identified a number of other initiatives to improve the workforce participation of older people. We are now suggesting that these need to be pulled together into an integrated package which has initiatives aimed at both employers and employees and looks at recruitment, retention and retraining.

Whilst we think there has been some shifting of attitudes in the larger enterprises we believe that more effort needs to be put into encouraging small and medium sized enterprises (SMEs) to keep or recruit older workers as this is the sector that employs the majority of the Australian workforce. It is the SMEs that often do not have the resources to undertake the redesign and training themselves and so need most support.

Older people often start from a lower skill and education base, frequently caused by a 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 to 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.

Recommendation 6

That the Federal Government implement an integrated Mature Age Participation Strategy building on 'Experience Plus' with the following components:

Incentives and hands on support services for employers, particularly in small and medium sized enterprises, to redesign workplaces practices and jobs to accommodate older workers

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.

Intensive support through Job Services Australia contracts to older unemployed people.

Abolition of federal upper age limits on workers compensation and through COAG ensure that workers compensation age limits are abolished at State and Territory level.

Incentives for training organisations and tertiary education institutions to provide targeted courses specifically for older people.

Through consultations with older people it has become apparent to COTA that the lack of access to superannuation contributions is inhibiting their willingness to continue to work. COTA believes these upper age limits are discriminatory and should be abolished.

In the Government's Tax Plan announced in 2010 there was a commitment to raise the upper age limit for the Superannuation Guarantee Contribution but COTA believes it should be abolished completely.

Recommendation 7

That the Federal Government completely remove the upper age limits for the Superannuation Guarantee Contribution from employer and personal contributions to superannuation.

3. ESSENTIAL SERVICES

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 essential services have been greater than the underlying rate of inflation or increases in the CPI. The indexation of pensions and other income support payments has not kept pace with these increases.

There is clear and continuing evidence that older people on low incomes have responded to these price increases by reducing 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 late and this has a detrimental effect on their quality of life and in some cases their health.

Older people also trade off expenditure on other items, especially 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 and inconsistent across the States and there needs to be a move to greater equity and national agreement on the level and nature of those concessions.

Recommendation 8

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 consistent across Australia, set at levels that are adequate to ensure eligible concession holders can equitably access such services, and are indexed to maintain their value.

4. 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.

COTA welcomes the COAG Agreement on the National Health and Hospital Network and is actively participating in the national health reform agenda. We are particularly pleased that the Commonwealth has taken over 100 per cent responsibility for primary health care, as well as aged care, and put in place a network of primary health organisations. We have long advocated for a more robust primary health care sector.

We have identified four areas that we believe need more attention and additional funding: oral health, mental health, dementia and preventative health measures.

Dental and 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 has acknowledged this and made a number of recommendations about dental health care.

COTA raised this in its Budget Submission last year and again in its 2010 Federal Election Platform and is disappointed that dental and oral health has not been included in the National Health Reform agenda.

Recommendation 9

That the Federal Government develop and fund a national dental and oral health scheme. This scheme would include preventative oral health measures, treatment and funding for dentures and denture repairs.

Mental health

Older people's mental health problems are often ignored, with depression seen as "a natural part of ageing" and anxiety and other disorders not diagnosed and not treated.

Older men have one of the highest rates of suicide of any population group and COTA was disappointed that the recent Senate Inquiry into Suicide did not recommend any initiatives for older men and that the Government's funding response also ignored the needs of this group.

COTA welcomes the renewed commitment from the Commonwealth Government on mental health as evidenced by the additional funding which has recently been announced. We would like to see reform and significant additional funding for the full range of mental health services. It is important that older people's needs are not neglected and so we would urge the Government to have an identified Older People's Mental Health Strategy within that broader reform agenda.

Recommendation 10

That the Federal Government work with the States and Territories through COAG and the national health reform negotiations to achieve increased funding for a broad range of mental health services and ensure there is an older people's mental health strategy as part of those reforms

Dementia

There are over 250,000 people in Australia with dementia and we know that this number will increase significantly over the next 40 years, reaching an estimated 1 million in 2050. (Alzheimer's Australia). Dementia is the largest cause of disability in older people and is the third most common cause of death after heart disease and stroke.

In our Federal Election Platform COTA called for increased funding for research into causes of dementia and support for preventative health measures to help people recognise and take action on the lifestyle issues that can contribute to dementia. We are now supporting Alzheimer's Australia's call for a National Action Plan to combat dementia that will both provide quality dementia care and reduce the incidence and prevalence of dementia in the future¹.

We have already identified the need for substantive reform of aged care and would like to emphasise the need for that care to better meet the needs of people with dementia and their carers. We are also looking for dementia to be taken seriously as a national health priority and funded accordingly.

Recommendation 11

That the Federal Government provide additional funding of \$179 million for the Dementia Initiative as outlined in the Alzheimer's Australia budget submission.

Preventative Health

COTA welcomes the establishment of the Preventative Health Agency 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 12

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.

¹ Alzheimer's Australia Budget Submission 2011

5. HOUSING

A significant number of older people are facing a housing crisis. The scarcity of affordable housing is becoming a serious contributor to poverty and disadvantage among older Australians. NATSEM estimated 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. All indications COTA receives are that this rate of increase is escalating.

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).

COTA welcomed the housing initiatives that flowed from the national Economic Stimulus package, in particular the funding for more social housing and moves to encourage the development of more affordable rental accommodation. We also welcomed the development of the Universal Design guidelines that are to be adopted, albeit on a voluntary basis, for new residential buildings.

However we believe there needs to be a more comprehensive approach to this issue, with a national strategy that looks both at ensuring existing housing is appropriate and affordable as well as continuing to increase the supply of new stock that older people can afford.

Recommendation 13

That the Federal Government, in conjunction with State, Territory and Local governments, create a National Older Person's Housing Strategy that would ensure existing housing stock is maintained and enhanced to support people to age in place and increase the supply of affordable and appropriate housing for older people.

6. RETIREMENT INCOMES

The Age Pension is, and will continue to be for decades, the major source of retirement income for the majority of older Australians. In 2008 some 77% 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 some 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, the failure of the reforms to fully implement the Harmer Review findings, and that rising costs will erode the single pension increase without a more adequate indexation regime.

Recommendation 14

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.

COTA welcomes the development of the pensioner living cost index to more adequately reflect the expenditure patterns of older people and the move to index to whichever of the three indices is the highest. However we are concerned about the lag times involved in the six monthly indexation arrangements particularly as inflation rates are increasing. The current arrangement means a significant erosion in the real value of the pension as there is up to a nine month gap between prices rising and the increase in the pension which is supposed to compensate for that change.

Recommendation 15

That the Federal Government index the age pension quarterly instead of six monthly to better maintain its real value, noting that many price increases occur on a quarterly cycle.