



FEDERAL BUDGET SUBMISSION

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EXECUTIVE SUMMARY

COTA is putting forward recommendations for action in the 2012-2013 Budget across eight key areas: aged support and care, ageism and age discrimination, housing, reducing the digital divide, essential services, , health and income support and workforce participation.

We are urging the Government to make this the Ageing Budget which sets out the longer term vision for how Australia is going to respond to the ageing of its population. We have recommended a diverse set of recommendations, with some measures that require additional funding this year and other longer term reforms that will require different investment patterns the future.

Aged Support and Care

COTA has played a key leadership role in development of the National Aged Care Alliance's "Blueprint for Aged Care Reform" which sets out priorities and a schedule for implementation of the Productivity Commission's "Caring for Older Australians" report. COTA fully endorses the NACA Blueprint and its 2012/2013 Budget proposals. *(Recommendations 1-12).*

Ageism and Age Discrimination

A campaign to reduce deeply instilled ageist attitudes in the community is essential if we are to ensure the full citizenship of older Australians *(Recommendation 13).*

Housing

Inability to access affordable and appropriate housing is becoming a critical issue for many older people. There needs to be a comprehensive national approach that addresses the need for an increase in the supply of affordable and appropriate housing for older people *(Recommendations 14-16).*

Reducing the Digital Divide

There is growing evidence that some older people are being excluded from the digital economy. There needs to be a program of financial assistance, training and advice and support to assist older people to participate in this important part of our society *(Recommendations 17-19).*

Concessions on 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. Concessions have failed to keep pace with these price rises. Indexation of concessions is needed to guarantee that concessions maintain their real value as prices increase *(Recommendations 20-21).*

Health

National health reform must improve affordability and access for older people. There needs to be immediate action in the areas of oral health and preventative health *(Recommendations 22-23).*

Income Support

The gap between pensions and allowances has widened too far, particularly for single people . We are proposing that the single allowance be set at two thirds of the married rate and that all allowances are indexed using a more appropriate indexation measure (**Recommendation 24**).

Workforce Participation

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 25-27**).

Tax reform

COTA is calling for a more equitable and efficient tax system with a higher tax free threshold that would reduce the need some of the current tax offsets (**Recommendation 28**).

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

During 2011 the Government received two major reports that gave a number of recommendations on a framework for how Australia could deal with the ageing of its population.

The first was the Caring for Older Australians report from the Productivity Commission which set out a detailed set of proposals to ensure older Australians have more choice and control over the type of aged care services they access. The National Aged Care Alliance has put forward a blueprint for how the recommendations in the report could be implemented and COTA, as one of the leaders of NACA, endorses that blueprint.

The second report was the final report from the Advisory Panel on the Economic Potential for Seniors Australians *Realising the economic potential of senior Australians; turning grey into gold*. That report set out 36 recommendations covering six areas of activity including, participation, housing, health, volunteering, lifelong learning and most importantly age discrimination.

COTA welcomed both of these reports and supports most of their recommendations, many of which COTA has been advocating for some years. Our proposals in this Budget Submission are designed to set out the groundwork for what COTA would like to see in an Ageing agenda for the future.

We have identified the following areas for action

1. Aged Support and Care
2. Reducing Ageism and Age Discrimination
3. Housing
4. Reducing the digital divide
5. Essential Services
6. Health
7. Income Support
8. Workforce Participation

1. AGED SUPPORT AND CARE

Australia's aged-care system was designed for another era and is in desperate need of reform.

The independent Productivity Commission report *Caring for Older Australians*, being considered by the Government, recommends comprehensive reform to the aged-care sector to provide a system which is simpler, fairer, more affordable and equitable for all Australians.

Without this reform, the system will increasingly fail to meet community needs and expectations and will compromise the quality of care provided to older Australians. We have to start reform now to avoid more expensive intervention in years to come.

COTA is a leading member of the National Aged Care Alliance that has developed a **Blueprint for Aged Care Reform** (available at www.naca.asn.au and www.cotaaustralia.org.au) which outlines how the major reforms needed can begin in a responsible way as part of this year's Federal Budget.

The required reforms will:

- Build community care and wellness services that maintain a person's independence for as long as possible, and minimise the need for more expensive services;
- Target services and support to an individual's needs, resulting in more effective use of limited resources;
- Cut wasted resources on staff turnover (up to 40% of the workforce each year) and build a workforce able to meet the increasing challenges of providing high quality care and support to older people;
- Increase Australia's ability to pay for aged care services through a combination of Government funding and co-contributions from older people according to their financial capacity;
- Improve affordability of aged care for the community through a reasonable balance between individual responsibilities, support for those most in need and taxpayer funding; and
- Ramp up the fight against dementia, arguably the most unrecognised scourge of our time.

Reform will need to be implemented in a planned, transparent and phased way. It is important to provide certainty for everyone so that change is not disruptive, especially for older people and their family carers.

COTA recognises that the current budgetary constraints mean that priorities need to be set. However putting off aged care reform is not an option – it's well past time for older people's needs to be given priority.

The immediate priority must be preparing for our future now by developing and implementing those reforms that will lay the foundations for real and sustainable long-term change, while also responding to the more immediate pressures in the system.

In the 2012/2013 Budget COTA, together with the overwhelming majority of the aged care sector, recommends:

Recommendations 1 - 12 - Aged Care Reform package commencement phase

- 1. Make a public commitment to an entitlement-based aged-care service system, and set out a timetable for its implementation**
- 2. Establish a high-level Aged Care Reform Council involving representative stakeholder groups to work with the Government to drive the development and implementation of reform.**
- 3. Start developing an entitlement-based system, including wellness-based assessment tools for older people and carers, with an integrated funding model, including the HACC Program.**
- 4. Establish the key bodies - the Gateway and the Australian Aged Care Commission (AACC) – which will drive and enable reform to occur.**
- 5. Undertake an independent cost of care study to set initial prices for care entitlements (pending the establishment of the AACC) which will provide enough funding for quality service delivery and enable the payment of fair and competitive wages.**
- 6. Respond to the increasing and unmet demand for care at home by continuing the phased increase in community-care packages, particularly at the high-needs level, along with the introduction of a mid-level package between CACPs and EACH/EACHD .**
- 7. Start the phased increase in the Government accommodation payment for supported residents until it reflects the real regional cost of construction as determined by the AACC.**
- 8. Establish the Australian Pensioners Savings Account and the Australian Aged Care Home Credit Scheme to give people greater flexibility in making aged-care co-contributions, without having to sell their homes.**
- 9. Remove the outdated and dysfunctional distinction between residential low and high-care places, giving consumers the right to the best package of care for their needs and giving service providers the flexibility to respond by tailoring service models and planning to meet local needs.**
- 10. Announce a wages-bridging supplement and signing a Heads of Agreement, establish the payment mechanism, and pay the first instalment.**
- 11. Establish an Aged Care Workforce Ministerial Taskforce.**
- 12. Invest in dementia-risk reduction and research to reduce future numbers of people with dementia.**

Implementing these reforms in 2012/2013 has the support of all key stakeholders, including representatives of and advocates for older people, aged-care providers, unions and professionals working in aged care.

Not commencing implementation of aged care reform in 2012 does not make sense because in the absence of starting the reform agenda government will have to continue to apply band-aids as the system increasingly fails. These band-aids will be expensive but will not work properly and will not prevent aged care becoming less equitable and less efficient.

2. REDUCING AGEISM AND AGE DISCRIMINATION

Ageism and age discrimination are widespread in Australia, despite the fact that we have a range of Commonwealth, State and Territory legislation designed to eliminate discrimination. Direct or overt age restrictions limit the participation of older people in some activities and bolster negative stereotypes and social exclusion. The reality of direct discrimination fuels negative stereotypes that underlie age discrimination due to a systemic failure of governments and the community generally to promote perceptions of positive attitudes to ageing.

COTA congratulates the Government on the following initiatives (all previously recommended by COTA) that should assist with reducing age discrimination:

- the creation of a full-time Age Discrimination Commissioner and the appointment of the Hon Susan Ryan AO to this role;
- the proposed consolidation of all anti-discrimination legislation into one Act as this should strengthen age discrimination protections by bringing them into line with the stronger protections against other forms of discrimination; and
- a review of federal legislation for barriers to older people participating in productive work.

However more needs to be done. Ageism is deeply embedded in Australian society and there will need to be positive action to change community attitudes. Such action needs to include community campaigns through the media and community organisations, addressing the issues of discrimination and actively promoting more positive images of older people. Such campaigns have been run for other areas where stigmatisation has been an issue, e.g. in Australia and other countries aimed at getting more community understanding of people with mental health issues.

Addressing ageism and age discrimination is the highest priority as without this fundamental shift in community attitudes it is hard to see how other initiatives can succeed.

Recommendation 13 - National Positive Ageing Campaign

Provide funding for a five year multi-media national Positive Aging Campaign that identifies ageism and age discrimination, shows how it manifests itself and promotes positive images of ageing. Unlike some of the positive ageing strategies in place at the moment this would be aimed not just at older people but at the whole community.

The design of such a strategy should be undertaken in close consultation with older people on the basis of 'nothing about us without us' following similar approaches in Wales, the Republic of Ireland and across the European Union. Such a strategy could be either run through the office of the Age Discrimination Commissioner (as suggested in the Panel report) or through an upgraded Office for Ageing answering to the Minister for Mental Health and Ageing.

3. AFFORDABLE AND APPROPRIATE HOUSING

Access to affordable and appropriate housing has emerged as a key issue for older people in Australia over the next decade. Housing influences people's health and well being, their capacity to continue to contribute and their choices about support and care as they age. COTA and others have been raising these issues for some time and in 2008 COTA joined with Aged and Community Services Australia to form the Older Persons Affordable Housing Alliance, which called for the establishment of a National Older Persons Housing Strategy that would look at the provision of both appropriate and affordable housing for older people.

One of the key determinants of people being able to age in place in the community is the availability of appropriate housing that is well designed and constructed. Such housing can facilitate growing older in the family home, which can help maintain confidence to continue activities well into later life, including continuing with part time work, volunteer work, assisting with child care and other family support, and/or working from home.

The development of specialised or segregated 'aged housing' or 'retirement housing' has been viewed by the housing and construction industry as the solution to accommodating all older people. There has been much less regard paid to ageing in family homes or building new dwellings in familiar neighbourhoods. The majority of older Australians wish to remain in their own home or a new appropriate home in their community and not enter specialised accommodation. Those who do want to enter specialised accommodation also overwhelmingly wish to remain in their locality and retain their familial and social networks.

The National Dialogue on Universal Housing Design established in 2010 included housing and construction industry associations, academics, architects, builders, property developers and consumer organisations. The end product was a set of Liveable Housing design standards that are being introduced as a voluntary code for all new residential development.

We also need to take into account that many older people are not in a position financially to move to a new house and so there will be a rising interest in future home modifications and specific types of modifications to enable ageing in place. There is therefore, a potential for different types of business to cater for demand in home modifications.

Recommendation 14 - National Older Persons' Housing Strategy

There should be a national older persons' housing strategy that focuses on:

- *Ensuring the existing housing stock is maintained and enhanced to support ageing in place by:*
 - *Increased funding for home modifications to allow people to stay safely in their own homes.*
 - *Increased funding for home maintenance to assist home owners*
 - *Capital funding to update Independent Living Units to bring them up to contemporary standards*
 - *Social housing policies that ensure good maintenance of existing stock, the right mix of housing and adequate community support services for disadvantaged clients.*

- *Increasing the supply of affordable and appropriate housing by:*
 - *An increase in the supply of affordable rental housing through NRAS*
 - *Increases in older persons' social housing stock.*
- *Incentives for builders to voluntarily take up Universal Housing Design principles including:*
 - *Tax incentives*
 - *Development assessment incentives*
 - *Preferential interest rates and rebates.*
- *A community campaign to promote greater consumer awareness of what liveable design can mean for them including funding for Livable Housing Australia funded to provide information to older people on the benefits associated with seniors-friendly designs.*

One of the most significant cost barriers for older people wanting to move to more appropriate housing is the transfer costs, particularly stamp duty on the new dwelling. Some States and Territories have schemes that exempt some older people from stamp duty but most of them are very tightly targeted to age pensioners, certain values of house or require that people downsize rather than just move to something more appropriate because of design or location.

At the Tax Forum in October 2011 COTA joined many others in calling for States and Territories to replace stamp duty with other taxes that do not provide such a disincentive to move to appropriate housing.

Recommendation 15 - Abolition of stamp duty

The Federal government should work with the States and Territories towards the abolition of stamp duty as a priority at least for older people moving to more appropriate housing.

It is also important that we have policies that deal with the ever increasing housing stress for people living in private rental accommodation. COTA is particularly concerned for single older people living on the Age pension who rely on the private rental market. Their only form of support is Commonwealth Rent Assistance and this has failed to keep up with rapidly increasing rental prices. CRA provides a much lower level of public subsidy than that given to tenants of public housing although the incomes and circumstances may be similar. Given that:

Recommendation 16 - Review of Commonwealth Rent Assistance

The Commonwealth Rental Assistance scheme should be reviewed to ensure it better meets the needs of people on low incomes and aligns the level of subsidies received through the scheme with those for people in public housing. An interim measure would be an immediate 30 per cent increase in the maximum rate.

4. REDUCING THE DIGITAL DIVIDE

COTA believes that there is a growing digital divide in Australia between those who have access to and are able to use modern technologies and those that do not. Those who do not have access to the digital economy are increasingly finding themselves socially excluded through not being able to access information and undertake many facets of modern living.

The rollout of the NBN will remove one of the barriers to equity of access as it means there is the potential for the vast majority of the population to access a similar level of technological infrastructure. However there are many other barriers to access that need to be addressed before there is equity of access.

COTA is seeking to ensure that older people have access to relevant communication technologies, with a focus on affordability and function, to increase their level of social and community participation and connectedness.

Research commissioned by COTA-WA in its *Where do I start? Female seniors and the internet, 22 June 2011* report indicates that “as Australia heads into an NBN-enabled future, it is important to ensure that everyone is able to participate and reap the benefits. It is important to identify the needs of digitally disadvantaged groups now, in order to make the necessary service provisions.”¹

COTA welcomed the Digital Hubs program of \$13.6 million in grants to not for profit and community organisations as it provides support and training that will assist older people to maximise the benefits of the NBN.

COTA believes proactive steps should be taken to ensure that groups such as older people, Indigenous and culturally and linguistically diverse communities, people with a disability, in poor health, or with low levels of literacy, rural and remote communities, homeless people and people living in deprived neighbourhoods (to name a few) should be given every opportunity to engage with the technology and be confident in using it.

Recommendation 17 - An Integrated Skills and training package

An integrated training program with the following elements:

- *provision of widely available, low-cost training aimed at improving digital media literacy skills, This training could be through a mix formal training providers, not for profit organisations and peer educators who are volunteer older people providing the training;*
- *reduced fees for computer training courses for older people on low incomes, targeting age pensioners, New Start Allowance recipients and self funded retirees who are eligible for the low income supplement; and*
- *ongoing support with a peer buddy system probably going to be the most effective which could be coordinated through existing organisations*

¹ http://accan.org.au/index.php?option=com_content&view=article&id=333:female-seniors-and-the-internet&catid=96:broadband&Itemid=208).

The cost of the hardware, software and internet connectivity is a substantial barrier to many low income households, including older people on limited incomes. To date these costs have largely been ignored by government as they have been seen as luxury consumer goods and so a matter of personal choice. The introduction of the program of putting computers into schools and making sure children have access to them has been an acknowledgment that access to digital technologies has become an essential part of functioning in today's society. This needs to be addressed for older people so they are not excluded.

Recommendation 18 - : improving access to computers and the internet

- *Establish an integrated program of financial assistance older people on low incomes for digital technologies that includes:*
 - *grants or no interest loans for purchasing hardware and software, with the option of hiring as a "try before you buy" to ensure consumers are comfortable with the technology;*
 - *grants for internet connections through NBN or other service providers means with access to ongoing technical support; and*
 - *additional funding for the Broadband for Seniors initiative to cover increased operating and equipment costs for existing kiosk volunteers as well as funding additional such kiosks in the future.*

One of the key problems for many older people is having enough knowledge to know what they should buy and what best meets their needs. There needs to be better consumer protection and customer service in the communications market. The poor performance of telecommunications companies, particularly around mobile phones and internet has been the subject of much criticism as highlighted in the Australian Communications Media Authority's *Reconnecting the Customer* Report. COTA would like to see the key recommendations in that report implemented as a matter of urgency as they provide much needed consumer protections and support.

Recommendation 19 - Advice and support service

Establish an independent advice and support service that is targeted at older people to enable them to make good decisions in the changing communications market. A peer support model would work well for this kind of advice and relevant seniors' organisations could be funded to provide this service.

5. CONCESSIONS FOR 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 and 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. At other times they forgo using their air conditioners in heatwave conditions. These measures have 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 older Australians 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. It is mostly the costs of electricity and gas networks – poles, wires and pipes – that are eating into household budgets, regardless of who owns these networks.

As these network costs are closely examined in two current national inquiries, the Clean Energy Future package will push up the price of electricity produced from fossil burning sources, which is the major source of electricity in Australia.

As costs have risen concessions for essential services often have risen at a slower rate or not at all. They are variable and inconsistent across the states and territories. The Productivity Commission has called for the government to commission a review into utilities concessions across Australia at all levels of government to ensure they are assisting as they should.

Recommendation 20 - Review Concessions for Essential Services

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.

Older Australians who are not on the pension can access many concessions, receive the Seniors Supplement and access the clean energy Future household assistance package, by being eligible for the Commonwealth Seniors Health Card (CSHC). To be eligible for CSHC income has to be less than \$50,000 for singles and \$80,000 for married couples. These income levels have not increased since 2001 when the card was introduced and whilst COTA thought they were generous at the time, price and wage inflation have significantly eroded the value of these incomes and mean fewer people are eligible for the card.

Recommendation 21 - Commonwealth Seniors Health Card

The income levels for the Commonwealth Senior Health Card should be annually adjusted in line with movements in the consumer price index commencing 1 July 2012.

6. 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 is focussing attention on two areas of need; oral and dental health and preventative health. We highlighted both of these in our 2010 and 2011 Budget submission and are disappointed that neither has received attention to date.

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.

COTA joins with many other organisations including ACOSS, that have been raising the need for a national scheme that provides timely, affordable and effective oral and dental health services for all Australians. This scheme would probably need to be implemented in stages given workforce shortages and COTA would argue that older people have urgent oral and dental health needs that simply should not be ignored .

If a universal scheme were to be introduced then the current Commonwealth initiatives for people with chronic disease and teenagers could be abolished.

Recommendation 22 - National Oral Health Scheme

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

The second area that needs significant attention is preventative health programs to help to ensure active ageing. 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.

Government must ensure older people do not continue to be forgotten in health promotion as the evidence is clear that there are significant benefits from health promotion and illness prevention measures specifically targeted to older people - for individuals in terms of improved quality of life, and for society in terms of reduced pressure on treatment services.

An important part of any such strategy is measure to encourage physical activity amongst older people. The National Physical Activity Guidelines for Australia recommend exercise at a moderate level of at least 30 minutes a day, most days of the week for older adults. However all available data indicates that many older people do not meet that benchmark.

It has been shown that time spent in active activities of even 30 minutes a day can reduce mortality risk between 15 and 35%. This association between physical activity and reduced mortality suggests that involvement in activities requiring moderate exertion is important.

It is also clear that moderate intensity physical activity in older adults is directly related to reducing the risk of chronic diseases, such as certain types of cardiovascular disease, musculoskeletal disease and some forms of cancer.

As well as physical health benefits, keeping active also helps with psychological disorders, such as depression. People with depression are less likely to be physically fit. Studies have found that exercise is useful in treating or preventing mild to moderate depression.

Recommendation 23 - Older Persons Preventative Health Strategy

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.

7. INCOME SUPPORT

For most older people the main form of income support is from the Age Pension and the 2009 reforms to the Pension raised the single pension to 27.5 per cent of male total average weekly earnings (MTAWE) and to 66 per cent of the married rate; both welcome increases.

Changes to the indexation arrangements have helped maintain the value of the pension and the work bonus changes have allowed those who are willing and able to supplement their incomes to do so on a more rewarding basis.

In our Budget Submission for 2011 we called for a plan to increase the pension to 35 per cent of MTAWE and this remains our long term goal.

Poverty eradication should be a goal of the tax and transfer system. Increasing allowances in the income support system to ensure people can meet their essential living needs is a priority. The original intention of unemployment benefits and other allowances was that they would be paid for relatively short periods and so the level of payment could be lower than a pension which was seen as a permanent form of income support. This rationale no longer holds true as many people stay on Newstart Allowance at least a year and many for much longer.

COTA believes the gap between pensions and allowances has widened too far, particularly for single people in private rentals. The level of payment is no longer sufficient for people to live on and there is an urgent need to address this issue. We join ACOSS and other welfare groups in calling for significant increases in Allowance payments as well as reviewing Commonwealth Rent Assistance as outlined in the Housing section above.

Recommendation 24 - Increased Newstart Allowance

The single rate of the Newstart Allowance should be set at 66 per cent of the married rate, as it is for pensions; and Allowances should be indexed in the same way as pensions, commencing at the next indexation date.

8. WORKFORCE PARTICIPATION

Australia still has relatively low workforce participation rates for older workers although they have been rising steadily over the last 30 years. It is clear that a number of older people who want to work are not able to find employment.

The barriers to increased mature aged participation are many; some are the responsibility of employers, some of employees and some are legislative or regulatory. These barriers include age discrimination, care-giving responsibilities and the need for flexibility in work arrangements, health and disability issues including mental health problems, mismatch of skills and experience with industry demands and the associated re-training and up-skilling requirements, superannuation and the tax transfer system.

Older workers should be entitled to the same protections and conditions of employment as all other workers. There are two areas where this clearly not the case at the moment, superannuation contributions and workers compensation. We welcome the Government's proposed changes to superannuation which would increase the level of the Superannuation Guarantee from 9 to 12 per cent and its commitment to abolish the maximum age for contributions

To successfully increase participation it is necessary to have an integrated approach that addresses some of the key barriers on three fronts. COTA is particularly keen to ensure that not all responsibility is put on the individuals and that there is not a coercive approach to increasing older people's workforce participation.

Recommendation 25 - Integrated Approach

- *Establishment of an Older Workers' Advisory Service that is a one stop shop for career advice, transition, job placement and so building on the Experience + package that commenced on 1 July 2010. This includes:*
 - *a consultancy service to provide skilled people to go into small and medium sized enterprises to assist in a hands on way with job redesign for older workers;*
 - *a network of specialist advisers to provide practical advice and assistance to managers to help with managing a more diverse workforce. These could sit in the consultancy service as above or be industry based as in the proposal from the Consultative Forum; and*
 - *specialised job placement services, not just for older unemployed people but for those who want to move into different industries/occupations.*
 -

Recommendation 26 - Flexible working arrangements

The National Employment Standards' requirements for flexible working arrangements for people caring for children and adult children with disabilities are extended to those caring for older family members.

Recommendation 27 - Skills and Training

- *Reduced fees for training older workers who are enrolling in courses that are in areas of skill shortage.*
- *Special income support payment, for a time limited period for older people who are upgrading their skills, especially for those under the age pension age and who want to study full-time.*
- *The proposed review of the Vocational Education Training system includes an examination of how this sector can better meet the needs of mature age students.*

9. TAX REFORM

In our statement for the 2011 Tax Forum COTA identified the following key goals for tax reform:

- adequate tax revenues to provide services and social security transfers to meet the needs of the ageing population;
- a more equitable system that ensures taxes are based on the capacity to pay with an emphasis on progressive forms of taxation and removal of regressive taxes; and transfer payments that are adequate to meet people's essential needs; and
- tax and transfer systems that provide the maximum incentives for workforce participation for people of all ages.

One of the identified inefficiencies in the current tax system is the number of targeted tax rebates and offsets that individuals can claim. These are often complex and difficult to understand and they undermine the inherent progressivity of the personal tax system.

COTA believes that the decision to significantly raise the tax free threshold that is part of the Clean Energy future legislation is the first step towards streamlining the tax system. However the threshold will still be lower than the thresholds used for some of the tax offsets that predominantly benefit lower income groups namely the Senior Australian (SATO) and Low Income Tax offsets (LITO).

COTA would support the abolition of the SATO and LITO provided that the tax free threshold is increased sufficiently over time to ensure that there is no loss of benefit to those who currently access them.

There have been some calls for the abolition of the Mature Age Worker Tax Offset. COTA believes such calls are premature as we do not yet have an integrated set of measures that will encourage mature age workers to stay in or re-enter the workforce. If the recommendations in the workforce participation section above were to be implemented then COTA would support the abolition of this tax offset. This would help provide funding for the workforce measures.

Recommendation 28 - Abolition of Tax Offsets

The Senior Australian and Low Income tax offsets should only be abolished once the tax free thresholds are raised to the income levels currently used for those offsets.

10. CONCLUSION

COTA Australia recognises that the 2012/2013 Federal Budget is being put together in an environment of fiscal constraint. However major forward commitments of Commonwealth expenditure are being regularly announced and it is COTA's responsibility to put forward measures for older Australians that are eminently justifiable on the grounds of fairness and equity, better meeting the needs of older people, and indeed contributing to more effective and efficient use of public funds and to improved productivity.

Nearly half our recommendations comprise a package of aged care reform. Aged care reform is unarguably well overdue. Our aged care system was designed for a different era and no longer meets most older people's needs, nor is it financially sustainable. The NACA Age Well Blueprint package is sound public policy, based on the findings of the Productivity Commission put through the filter of experienced aged care sector leaders from consumer, union, provider and professional perspectives to arrive at recommendations that will give Australia a world leading aged care system that is consumer centred, sustainable, equitable and works. Not to embrace aged care reform in 2012 makes no sense.

Our recommendations around workforce participation, the digital divide, affordable and appropriate housing, and health services will help give Australia a more productive and efficient economy, as well as bringing fairness and equity for older Australians to policy settings in these areas.

Fairness and equity are the driving motivations behind our proposals on Newstart Allowance, Commonwealth Rent Assistance and the Commonwealth Seniors health Care Card.

Our recommendations on ageism and age discrimination tick all these boxes. They tackle social attitudes that are outdated but insidiously endemic and which create massive economic inefficiencies as well as being unfair and inequitable. Tackling ageism is an essential prerequisite in the battle to ensure older Australians enjoy their birthright of full citizenship for a lifetime. There is no "best by" date to being an Australian citizen, so let's make sure that's the case.