

COTA AUSTRALIA POLICY ALERT Federal Budget 2018

May 2018 No. 16



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More Choices for a Longer Life

This year's Federal Budget contains a large number of important measures to improve the lives of older Australians, which jointly constitute a significant, positive step towards better preparing Australia for our ageing population of the future.

Most of the measures related to older Australians are found in a major Budget package called "*More Choices for a Longer Life*" which the Government's Budget Overview describes in the following way:

"Australians are now expected to live almost ten years longer than they were 50 years ago, with our life expectancy now the fifth highest in the OECD. This is good news.

The Government is acting to maximise the opportunities that a longer life brings, preserving and increasing the choices available, so Australians can live life to the full.

The *More Choices for a Longer Life Package* includes online interactive 45 and 65 year checks across key

areas of skills, finances and health, so Australians can plan ahead to get the most out of their longer lives, while having the flexibility to remain in the workforce if they choose.

Australians
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**10 years
longer**

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50 years ago

The Package improves the quality of care and safety in aged care services to guarantee and respect the dignity of older Australians. Support for the mental health of older Australians will be boosted while helping them to remain in their homes and connected to the community.

The Government is supporting Australians to be prepared to live a healthy, independent, connected and safe life, through a range of measures in key areas:

- jobs and skills, to provide mature age workers with a range of options to remain in work;
- finances for a longer life, to help Australians make the most of their retirement years;



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- supporting choice and a healthy long life — providing an additional 14,000 high-level home care packages; and
- safeguarding quality and rights.”

COTA Australia had substantial input to the creation and formulation of the More Choices for a Longer Life Package which represents a significant shift in the overall approach to older people. For the first time in the financial and policy planning of our nation we are formally beginning to think of an ageing population as an opportunity rather than a burden, and recognising the contributions that are and can be made by older Australians to everyone’s social and economic wellbeing.

Many of the measures in this Package are budgeted at relatively modest expenditure levels by government standards, but collectively they represent a substantial package and a much more integrated, proactive and positive approach to an ageing population. A number of the measures are able to be extended if they prove more successful than anticipated, and as a whole the Package contains a number of measures that could be described as experimental or pilot in nature, on which future Budgets need to build.

We go through the Budget measures in detail below, but some of the stand-out measures for older Australians include:

- Major investments in aged care reform, including additional high level Home Care Packages and implementation of the Carnell/Paterson Quality Review
- The creation of skills, health and financial checks at 45 and 65, to be backed up by a range of subsidies and support services
- Expansion of the Pension Loan Scheme to allow all older Australians greater flexibility to use home equity to boost retirement incomes or meet later life costs
- In response to COTA representation, including the member petition, a mental health services program targeted at aged care residents, and a pilot program in the community.

There are, however, also some important gaps in the Budget, which we address in the discussion of portfolio measures. Key gaps include:

- No increase again in Newstart Allowance for unemployed older Australians
- No measures to assist older Australians in housing stress and at risk of or experiencing homelessness
- No action on addressing the oral and dental health needs of older Australians

Budget 2018
More Choices for a Longer Life Package

More Choices for a Longer Life

Australians are now expected to live almost 10 years longer than they were 50 years ago, with our life expectancy now fifth highest in the OECD. This is a remarkable achievement. To make the most of the opportunities a longer life provides, Australians need to prepare early to be healthy, independent, connected and safe.

Jobs and Skills

The Government is helping Australians to work for as long as they want, by:

- expanding access to the \$10,000 Restart wage subsidy to encourage more businesses to hire and retain mature age workers;
- creating a new \$2,000 Skills and Training Incentive to support mature age workers to reskill and upskill;
- rolling out the Skills Checkpoint for Older Workers program; and
- expanding the Entrepreneurship Facilitators program to support mature age entrepreneurs.

Finances for a longer life

The Government is helping to boost Australians' confidence in their long term financial security by:

- expanding the Pension Work Bonus to boost income for age pensioners;
- providing more time for people with modest balances to boost their savings, by introducing a one-year exemption from the work test for voluntary contributions to superannuation;
- expanding the Pension Loans Scheme to those on full pension and self-funded retirees; and
- providing more choice for retirees.

Supporting choice and a healthy long life

The Government is supporting Australians to live healthier and longer lives, and to choose how they receive care by:

- increasing funding for home care, to support Australians to better access their choice of care, with 14,000 additional high level home care packages by 2021-22;
- supporting access to aged care services in rural, regional and remote Australia;
- improving the My Aged Care website to make the aged care system easier to navigate; and
- providing additional funding to support the mental and physical health of older Australians.

Safeguarding quality and rights

The Government will strengthen regulation of aged care and protect older Australians by:

- establishing a new, independent Aged Care Quality and Safety Commission to ensure the aged care system is providing the quality of care the community expects;
- providing \$22 million to protect older Australians from abuse, including by funding trials of specialist elder abuse support services; and
- working with the states and territories to develop a national online register of enduring powers of attorney.

Choice and a healthy long life

Supporting Australians to live healthier and longer lives

More choice

More Australians are choosing to access aged care in their homes. To support Australians who wish to stay at home, the Government is providing \$1.6 billion to support 14,000 additional high-level home care packages by 2021-22. This adds to the 6,000 places the Government has provided since the last Budget.

The Government is making it easier for people to navigate the aged care system and access the care that suits them. This includes \$61.7 million to improve the My Aged Care website and \$14.8 million to streamline the assessment process for aged care services.

Healthier ageing

To enable Australians to make the most of a longer life, the Government is investing in the health of older Australians by providing \$82.5 million for mental health services for people in residential aged care facilities, \$20 million to pilot services for older Australians to help them remain connected to their communities, and \$22.9 million to boost the physical activity of older Australians.

Better care

The Government is reforming the aged care system to ensure that aged care facilities are providing the care the community expects.

Our aged care system must **guarantee and respect the dignity of older Australians**. The Government will establish a new Aged Care Quality and Safety Commission from 1 January 2019. Regulations will be strengthened and made more transparent.

The Government is providing \$22 million to protect older Australians from abuse, including by funding trials of specialist elder abuse support services.

In addition to developing a National Plan on Elder Abuse, the Government will work with the states and territories to develop a national online register of enduring powers of attorney.

GUARANTEEING THE ESSENTIAL SERVICES AUSTRALIANS RELY ON

Preparing for a longer and more secure life

Backing the choices of Australians to increase financial flexibility

Australians will be able to prepare for a longer life through new online skills, health and finance checks at ages 45 and 65.

The **Pension Work Bonus** will be increased to allow age pensioners to earn an extra \$50 a fortnight without reducing their pension.

For the first time the bonus will also be extended to the self-employed, who can now earn up to \$7,800 a year without reducing their pension.

The **Pension Loans Scheme** will be expanded to give all Age Pension aged Australians the option to boost their standard of living. Full rate pensioners will be able to boost their income by up to \$11,799 (singles) or \$17,337 (couples) per year.

To encourage the development of innovative retirement income stream products, the Government is clarifying the Age Pension means test treatment. The Government will also require superannuation fund trustees to develop a retirement strategy for members and offer a wider variety of products.

Superannuation funds will be required to provide more information to help consumers compare and choose products.

The **Skills Checkpoint for Older Workers** will provide advice on relevant skills and training to help workers build their careers or transition to jobs in new industries. For Australians updating their skills, the Government will contribute up to \$2,000 through the Skills and Training Incentive.

Access to the **Restart wage subsidy** for Australians aged 50 and over will be expanded, providing up to \$10,000 to employers to support workers as they start a new career.

The Government will also provide \$177 million in additional funding to support entrepreneurs, with a focus on those aged over 45 years. The **Entrepreneurship Facilitators** program will be expanded to new locations, including in regional Australia, helping older workers to turn their years of valued experience into a thriving business.

GUARANTEEING THE ESSENTIAL SERVICES AUSTRALIANS RELY ON



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You can read our Media Releases on the Budget in general, and specific areas such as aged care, on the COTA Australia website www.cota.org.au. We now turn to the Budget measures in more detail.

FEDERAL AGEING POLICY

The 2018/19 Budget brings together a range of initiatives in employment, health, aged care, human rights and retirement incomes under the heading of More Choices for a Longer Life Package. The package is an important step in the right direction in a number of ways.

It recognises that people do not wish simply to live longer, but that we also want independence and quality of life as we age, and we generally look forward to continuing to contribute to our communities and nation for as long as we possibly can.

For a number of years COTA has called on Governments to take leadership on a positive, proactive, life-course approach to our ageing population, but this is the first time we have seen an attempt at an integrated ageing package.

The challenge now is to make sure that this is not a one-off initiative. COTA will ask the Government to commit to making More Choices for a Longer Life an ongoing strategy with high level officials managing it, so that the Budget measures are managed as a consistent package, their progress monitored, and changes and expansion recommended based on experience and evidence. Every cent spent on supporting independence as we age, keeping people connected to the workforce and community, and on preventative health, is money saved in emergency wards, acute health care and on our already stretched aged care system.

More choices for a longer life

Australians are now expected to live 10 years longer than they were 50 years ago, with our life expectancy now the fifth highest in the OECD. A longer life presents different opportunities for different people. The Government is acting to support Australians to be prepared to live a healthy, independent, connected and safe life.

Finances for a longer life

The 2018–19 Budget delivers measures to boost living standards and expand retirement income options to give retirees confidence in their financial security.

The Government is increasing the Pension Work Bonus to allow age pensioners to earn an extra \$50 per fortnight without reducing their pension.

The Pension Loan Scheme will be expanded giving greater flexibility to use home equity to boost retirement incomes, e.g. up to \$17,787 a year for a full rate age pensioner (couple).

Jobs and skills

The Government is helping Australians to work for as long as they want, laying the foundations for a secure retirement.

The Government will provide up to \$10,000 in Restart wage subsidies for employing Australians aged 50 and over.

The Skills and Training incentive will provide up to \$2,000 to fund up-skilling opportunities for mature aged workers identified as being at risk.

Getting ready

Early planning can boost workforce participation, reduce chronic health problems and increase income in retirement, so Australians can get the most out of their longer lives.



45 and 65 Year Checks

Assisting Australians to make informed choices on how to live life to the full

Safeguarding quality and rights

The Government will strengthen the regulation of aged care services to respect and protect older Australians.

The Government will establish a new independent Aged Care Quality and Safety Commission and regulatory settings will be strengthened and made more transparent.

Funding is being provided to protect older Australians from abuse, including funding trials of specialist elder support services, and the Government will work with the states and territories to develop an online national register for enduring powers of attorney.

Supporting choice and a healthy long life

The Government is supporting Australians to live healthier and longer lives, and to choose how they receive care.

The Government is increasing funding for home care, to support Australians to better access their choice of care, with 14,000 additional high level home care packages by 2021–22.

The Government is investing in the physical health of older Australians through new funding to boost their physical activity and help them stay connected.



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The Budget contains a large number of relevant measures which we outline below, but it is worth noting here one important measure that is emblematic of the overall approach to older people and ageing in the package.

\$6.5 million over four years from 2018-19 has been earmarked for the development of website checks for 45 and 65 year-olds which will be supported by reminder letters so they can assess their health, employment options and finances, in order to remain healthy, active and independent in later life. This single measure, although relatively modest, incorporates:

- a life-course approach to ageing;
- values around personal choice and control, self-management and independence;
- a recognition of the structural barriers facing mature age workers continuing in employment;
- an acknowledgement of the potential emergence of particular health challenges in middle age;
- a recognition that it is crucial to review personal long-term financial security periodically at each life stage; and
- an acknowledgment of the connections between each of these.

HEALTH

One of the welcome highlights of the 2018/19 Budget is the commitment of significant funding to support mental health care for older people, as called for by COTA throughout 2017. It includes \$82.5 million over four years for mental health services for people in residential aged care; and \$20.0 million over four years from 2018-19 for a pilot of services led by mental health nurses to target the mental health of older Australians in the community, particularly those at risk from isolation.

There were also a number of other mental health care measures, not specifically targeted to older Australians but benefiting all ages, including new funds for suicide prevention, aftercare following a suicide attempt, enhanced telephone crisis services through Lifeline and strengthening the National Mental Health Commission.

More Choices for a Longer Life

Four key areas of support



Other important Health Budget announcements targeted to older Australians are:

- \$22.9 million over two years from 2018-19 to encourage and increase physical activity in older people;
- \$5.3 million over four years from 2018-19 for the development of technological solutions to support people living with dementia to better manage their care;
- \$0.3 million over two years from 2018-19 to the Australian and New Zealand Hip Fracture Registry to collect more data to improve patient outcomes; and
- funding for five year listing in the National Immunisation Program of Fluvad® and Fluzone® High Dose for people aged 65 years and over for the prevention of influenza.
- COTA also welcomes the announcement of \$83.3 million over five years devoted to A Stronger Rural Health Strategy, aimed at better health outcomes in rural, regional and remote Australia.

On the down side, the Budget announced that people 50 years old and over with acute knee trauma will no longer be able to access GP-referred MRI scans of the knee. We understand that those 50 and over will instead require specialist doctor referral.

When this change was first suggested, COTA joined with other stakeholders to write to the Minister for Health strongly opposing it, on the grounds that it is not

evidence-based; does not consider downstream costs to the older patient or the health system; arbitrarily discriminates against patients based on their age; and will directly undermine patient care. (See the joint letter on the COTA Australia website at <https://www.cota.org.au/information/resources/submission/letter-minister-hunt-response-recommendation-change-access-knee-mri-50-years/>)

COTA is very disappointed that the Government has chosen to proceed with aged-based rationing of a diagnostic procedure with no evidence of the medical efficacy of this course of action.

We are also disappointed that the Budget contains no new measures to address the oral and dental health needs of older Australians. Oral and dental health is critical to overall health and well-being, with poor dental health being a major contributor to social isolation and poor nutrition. Dental care should be a Medicare item, but until then there should be a dedicated dental benefits schedule targeted to older Australians, as repeatedly recommended by COTA and the Australian Dental Association.

assist older Australians to navigate aged care



\$7.4m
2 years

AGED CARE

The Budget delivers a wide range of measures arising from the recommendations of the Tune Legislated Review of Aged Care and the Carnell/Paterson Review of Aged Care Quality Regulation. The largest of the measures is an additional 14,000 high level Home Care Packages, which added to 6,000 announced in MYEFO, together with increases already in the Budget projections, will mean an additional 34,000 Level 3 and 4 Packages over the next four years - an increase of 86 percent; and an increase in total Home Care Packages of 64,000 in that period to 151,000.

Another key measure for us is \$7.4 million over two years to trial Integrated Consumer Supports to assist older

Australians to navigate aged care, in some case with help by other older Australians. COTA would prefer a stronger commitment to rolling out a full program, but this is a good start and we will work closely on it with government.

Another key measure is the government's in principle support for changes to residential aged care so that funding moves to being in the hands of consumers, as is now the case in Home Care Packages, and removing restrictions that prevent good quality providers from expanding in response to consumer demand. There will be an impact assessment study done this year to work out what the effects will be and any steps required before this is implemented.

Other important aged care announcements include:

- an additional 13,500 residential aged care beds in an Aged Care Approvals Round in 2018/19;
- the \$82.5M for mental health care for older Australians living in residential care to which we have referred;
- \$14.8 million for a new assessment framework and a combined assessment workforce to make accessing aged care faster, simpler and more consistent around Australia;
- \$253.8 million over four years to establish the Aged Care Quality and Safety Commission;
- \$32.6 million over four years to enhance the regulation of aged care provider quality to respond more quickly to care failures;
- \$8.8 million over four years to provide transparency over aged care provider quality;
- \$105 million for culturally safe aged care services in remote Indigenous communities;
- \$32.8 million over 3 years for extra palliative care in residential aged care to ensure people can die in their place of choice;
- combining of residential and home aged care funding from July 1, 2018 to create greater flexibility to respond to changing needs;

“This aged package, there’s nothing about it that’s not good, there’s just not enough of it”

Peter Martin, Economics Editor,
The Age and Sydney Morning Herald



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\$50M over two years for aged care providers to implement the new Aged Care Quality Standards which include a much stronger focus on “consumer outcomes”.

COTA welcomes this comprehensive package but is concerned that a recommendation of the Carnell and Paterson Aged Care Quality Review – to have a Consumer Commissioner who will ensure that resident and family engagement is embedded in Standards compliance and quality improvement – is sidelined in the Government’s plans for the Quality and Safety Commission. We will be pushing hard for the functions of that role to be fully incorporated into the new Commission.

INCOMES

The Budget includes a welcome range of measures to improve the standard of living of older Australians, including:

- an increase in the Pension Work Bonus by \$50 a fortnight so that those receiving the Age Pension can earn up to \$300 per fortnight that’s not taken into account for the pension income test, encouraging them to supplement pension income and stay connected to the workforce;
- a dramatic expansion of access to the Pension Loan Scheme to everyone over pension age and increasing the maximum fortnightly income that can be drawn from the loan to 150% of the Age Pension rate, which will allow older people to access their home equity to supplement their retirement income and meet later life expenses. The expansion means that even full pensioners will be able to borrow from government an extra income stream up to 50% of the age pension and part-pensioners to top up to 150% of the age pension
- welcome and substantive amendments to the Age Pension means test to encourage the development and take-up of lifetime retirement income products, about which more details will be released soon; and
- more time for Australians aged 65 to 74 to boost their retirement savings, by introducing an exemption from the superannuation work test,

applying where an individual’s total superannuation balance is below \$300,000 and permitting voluntary contributions in the first year that they do not meet the work test requirements

- the introduction of a ‘retirement covenant’ that will require superannuation funds to formulate a retirement income strategy and products for members
- the introduction of a requirement for providers of retirement income products to simplify and standardise product disclosure information
- several measures in the Protecting your Super Package, including
 - o a three per cent annual cap on fees charged by superannuation funds on accounts with balances below \$6,000
 - o a ban on superannuation fund exit fees
 - o changes to insurance arrangements within superannuation that give greater choice and protection against unnecessary, unwanted and duplicated insurance to young people, those with low super balances and members with inactive accounts
 - o new measures to return lost super to members, through the Australian Tax Office

However the government has again failed to remove the \$450 per month threshold below which employers are not required to pay the Super Guarantee Levy, a key issue when so many people work a number of part-time jobs, all below this threshold.

And once again there is no relief for unemployed people (many of whom are mature age workers), living far below the poverty line on Newstart Allowance. Despite widespread support for increasing the level of Newstart Allowance – including from the business community and high-profile economists, as well as the community sector – the Government remains unmoved and unresponsive.



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EMPLOYMENT

The Budget contains a number of employment-related initiatives focused on older Australians, including:

- \$17.4 million over four years from 2018-19 to establish the Skills Checkpoint for Older Workers program, which will support employees aged 45-70 with individually tailored assessments, referrals and advice on how to best use their existing skills in the workforce, or identify opportunities for upskilling;
- \$189.7 million over five years from 2017-18 to support mature age Australians to adapt to the transitioning economy and develop the skills needed to remain in work, including
 - o \$136.4 million over four years from 2018-19 for targeted training to help mature age job seekers aged 45 years and over and who are registered with a jobactive provider to enhance employability, develop digital skills and identify opportunities in local labour markets
 - o \$19.3 million over three years from 2018-19 for training funding of up to \$2,000 for workers aged 45 to 70 years to take up reskilling or upskilling opportunities, with the Government contribution to be matched by either the worker or their current employer;
 - o \$15.2 million over three years from 2018-19 to support mature age workers who are considering early retirement or who are retrenched to look at alternatives to remain in employment
 - o \$17.7 million over four years from 2018-19 for additional Inclusive Entrepreneurship Facilitators to promote entrepreneurship and new business opportunities and provide business mentoring to older people
 - o \$1.1 million in 2018-19 in additional funding for the Restart Wage Subsidy program for mature age employees.

In addition, the Government announced some key collaborations on mature age employment within the Budget context. It will:

- work with business and community peak bodies to develop strategies that promote the benefits of

a diverse workforce, influence hiring practices and reduce discrimination;

- work with the States and Territories to address any age-based limitations within workers compensation schemes; and
- establish a Collaborative Partnership on Mature Age Employment, working with the Age Discrimination Commissioner, the Hon Dr Kay Patterson, AO and a range of business, peak bodies and other experts to drive cultural change in businesses' approach to taking on mature age employees and to equip managers and business owners to work with an ageing workforce.

ELDER ABUSE

COTA welcomes the announcement that the Government will provide an extra \$22.0 million over five years from 2017-18 to expand and evaluate trials of three types of specialist support services to respond to abuse of older people: specialist elder abuse units located in legal services; health-justice partnerships; and family counselling and mediation services.

These funds are in addition to \$15 million over five years announced last year for an Elder Abuse Knowledge Hub; a National Prevalence Research scoping study; and the development of a National Plan to address elder abuse, to be agreed between the Commonwealth, States and Territories, in close consultation with industry and community groups.

Significantly, the Budget also contains the announcement that the Government will work with the States and Territories to develop a nationally consistent legal framework and establish a National Register of Enduring Powers of Attorney. Funding has been provisioned for this but the amount will not be announced until after negotiations with the States. This is an initiative that COTA and many other stakeholders have long sought from governments and the Federal Government's renewed leadership on it is very welcome.



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HOUSING

Disappointingly there are no new responses contained in the Budget to address housing affordability, particularly in the private rental market, for example by a targeted increase in Commonwealth Rent Assistance. This gap in the Budget is especially concerning for the increasing number of older people relying on private renting. The latest Rental Affordability Snapshot from Anglicare Australia, released in April 2018, which surveyed over 67,000 rental listings across Australia on a single weekend, showed that only 1.24% were affordable for a single person on the Age Pension and less than 1% (in fact, only 3 properties out of 67,000) were affordable for a single person on Newstart Allowance.

COTA also proposed that government should focus extra effort on tackling the disturbing increase in homelessness among mature age women due to financial hardship, but there was no action on this in the Budget.



The Budget Fact Sheets on the More Choices for a Longer Life Package can be found at the following link.

<https://budget.gov.au/2018-19/content/factsheets/index.htm>

There are five Fact Sheets (numbered 1-5) for the whole Package:

“There is nothing to object to and there is quite a lot to be pleased about in the direction of policy ... We would generally judge that the measures announced do not go far enough. But in all cases, the measures announced move the relevant policy in the right direction.

Prof John Piggott, Director, ARC Centre of Excellence in Population Ageing Research (CEPAR)

PLEASE NOTE: This Policy Alert focuses on the Budget measures most likely to impact specifically on older people, as this is COTA's direct concern. It does not cover all the more general measures that will have an impact on older people too, but as always COTA will continue to work closely with a range of stakeholders in broad policy areas to promote and protect the rights and interests of older people on these issues.

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