



# **COTA Australia Pre-Budget Submission 2021/22**

**Prepared by**

**COTA Australia**

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## About COTA Australia

COTA Australia is the national consumer peak body for older Australians. Its members include the State and Territory COTAs (Councils on the Ageing) in each of the eight States and Territories of Australia. COTA Australia and the State and Territory COTAs have around 40,000 individual members and supporters and more than 1,000 seniors' organisation members, which jointly represent over 500,000 older Australians.

COTA Australia's focus is on national policy issues from the perspective of older people as citizens and consumers and we seek to promote, improve and protect the circumstances and wellbeing of older people in Australia. Information about, and the views of, our constituents and members are gathered through a wide variety of consultative and engagement mechanisms and processes.

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## Foreword

COTA Australia welcomes the opportunity to make a submission on the 2021/22 Federal Budget. Whilst the response to the COVID-19 pandemic will continue to overshadow the social and economic environment of the country, a commitment to and funding of reform and a range of initiatives to improve the lives of older Australians is still required.

By the time the May Federal Budget is delivered, the Royal Commission into Aged Care Quality and Safety's final report will have been delivered to Government and released. The findings and insights from the recent Retirement Income Review provide insights into how to secure the financial future of older Australians. Along with the COVID-19 pandemic impacts on older members of the population, there has never been a more important Budget for older Australians than the budget to be delivered in May 2021.

COTA urges the Government to capitalise on this opportunity to convey a clear and coordinated commitment to older Australians as a pivotal centrepiece of the 2021 budget. A concise funded roadmap outlining by when the Government's decisions on transforming aged care, following the Royal Commission's recommendations, will be delivered is critical. Further, following the Review, action to make retirement income policies more effective, adequate and equitable must be announced, together with articulating greater assurances about the future security of retirement income policies – reinforcing the Government's long-term commitment to the Age Pension, the Medicare based health system and major Government contributions to aged care. Without such commitment retirees will continue to be apprehensive about drawing down on their retirement investments.

While a great number of initiatives could be presented to support older Australians, our submission centres around key priority areas of Aged Care, Income Support, Retirement Incomes, Employment of older workers, and ensuring a whole-of-Government approach to ageing.

This Budget is the opportunity for Government to lay a foundation and to pave the way in a post-pandemic future. A key feature of any such recovery must be targeted and dedicated support for older workers, who have lost the greatest number of positions and hours across salaried staff. Older workers made redundant through COVID-19 are the least likely to return to work. Urgent investment is needed to ensure this cohort are provided with the support and skills they need to thrive in a rapidly changing environment for the workforce.

No doubt, meeting the increasing cost of living proves a large challenge for older people – particularly for those who have significant out-of-pocket healthcare, energy or communications costs, or are struggling to meet the skyrocketing costs of private rental.

Older Australians need a comprehensive plan from the Australian Government, demonstrating that all areas of Government are thinking and acting in a coordinated fashion to improve the lives of mature age and older Australians. Given the breadth of the portfolio areas that touch on older people's lives, COTA Australia's maintains its view that a focused Whole-of-Government Strategy for Older Australians is required. Additionally, we submit that a new printed communication channel to older Australians is needed to replace the loss of many alternative printed communication channels permanently lost during the COVID-19 pandemic.

## Summary of proposed measures

### Retirement Income Measures:

- Legislate to remove the Superannuation Guarantee payment threshold of \$450 per month per employer.
- Legislate to require the Superannuation Guarantee to be added to paid parental leave.
- Legislate the Retirement Income Covenant without further delay and Include consumers in future consultations on its implementation.
- Mandate - within a reasonable timeframe for implementation - the provision of financial advice to consumers by superannuation funds about their likely retirement income. Such measures should include 'wake up packs' for over 50s and a refocus on their forecast income to be available in retirement, rather than a focus only on a lump sum. A mandated suite of standard calculations and formats to be used should be included in order that the information is comparable.
- Commit to a well-resourced and structured consultation with stakeholders and the community – including with consumers - on the findings of the Retirement Income Review and potential policy measures that might follow from its findings beyond those recommended above for immediate implementation.

### Aged Care Measures:

- Commitment to a timeframe and funding in the 2021/22 Budget and the Forward Estimates to implement major and transformative aged care reform on the back of the Royal Commission's final report.
- Fund an integrated home-based care services at a sufficient level to reduce wait times so that no consumer will need to wait more than 30 days after assessment; and develop an implementation plan to deliver this within two years.
- Invest in and implement promptly the recommendations of A Matters of Care: Australia's Aged Care Workforce Strategy.
- Invest in government IT upgrades to provide the basis for more streamlined and mandated B2G provider reporting, software-based quality control systems, and genuinely consumer centric services.
- Provide sufficient funding for the Aged Care Quality and Safety Commission to implement better consumer engagement in their quality assessment processes and a rigorous schedule of unannounced visits to residential aged care facilities and home care services; and provide the Commission with a wider range of powers and regulatory tools.
- Replace the Aged Care Approvals Round bed allocation process with new arrangements that place control in the hands of consumers and families and encourage good providers to expand and assist the exit of poorer providers, by implementing the recommendations of the Impact Study (which Government has had for over a year).

### **Mature Age Employment Measures:**

- Promote the uptake of the Career Transition Assistance Program, including funding for an advertising campaign.
- Implement early promotion of the Career Transition Assistance Program via Centrelink communications to mature age applicants of Jobseeker (irrespective of when they commence receiving payments).
- Include people over 55 in the JobMaker program.
- Trial alternatives to Restart wage subsidy programs to increase mature age employment amongst the long term unemployed.
- Provide formal legal advice by the Australian Solicitor General or similar around the ability for job advertisements to identify preferences for mature-age workers.
- Trial alternatives to the Restart Wage Subsidy program.
- Establish a roundtable to discuss technical solutions to matching employers and employees using online job boards
- Build a mature age employee/employer match into government job boards.

### **Income Support Measures:**

- Increase the maximum Commonwealth Rental Assistance (CRA) by a minimum of 40% and benchmark future rises in the CRA to median rents.
- Review the structure of CRA to ensure that Commonwealth funds provide maximum assistance to older people experiencing rental housing stress.
- Investigate the development and implementation of an alternative rental assistance model.
- Remove the Liquid Asset Waiting Period for all people and withdraw legislation proposing to increase the waiting period from 13 weeks to 26 weeks currently before the Senate. At a minimum the Liquid Asset Waiting Period should not apply to unemployed people over the age of 55 years.
- Implement early promotion of the Career Transition Assistance Program to mature age applicants of Jobseeker (irrespective of when they commence receiving payments).
- Increase the maximum single rate of JobSeeker and review the indexation.

### **Whole-of-Government Approach to Ageing Measure:**

- Initiate the development of a whole-of-government strategy for older Australians and an ageing Australia
- Develop and deliver a bi-annual (or more frequent) all of government publication to communicate specifically with older Australians.

## Priority: Retirement Incomes

There is a need to improve the adequacy, equity and sustainability of retirement incomes. The challenge is to ensure that the retirement income system into the future will produce adequate income for all people to live on comfortably in retirement; and that is efficient, equitable and fiscally sustainable. A holistic and integrated policy approach is needed to provide greater confidence for older people who have carefully planned their retirement incomes - by maintaining arrangements for longer periods of time and by grandparenting provisions when they do change.

The Report of the Retirement Income Review was released on 20 November 2020. It explores the relationship between the various pillars and provides a substantial evidence base for future policy making. COTA believes that some policy initiatives can be taken quickly, based on the Review's findings and we detail some of those below. Others will require more extensive and detailed consideration and we propose below a process for that.

### Improve equity by legislating to ensure super is paid on every dollar earned

As the Review suggests, the amount of Superannuation Guarantee (SG) contributed to individual's superannuation account by paying it on every dollar earned is not likely to be 'make or break' in retirement. Nonetheless paying SG on amounts below \$450 per month and on parenting leave payments improves equity in the system and provides direct benefits to women and low-income individuals. As a matter of principle COTA supports the immediate removal of the \$450 contributions threshold and the payment of SG on paid parental leave as 'low hanging fruit' from the Review that can help improve retirement outcomes for a significant number of people, not matter how material it is in a system sense.

The review also suggested addressing sham contracting and providing superannuation for 'vulnerable dependent contractors'. COTA is supportive of exploring how such measures also could be improved. There was also acknowledgement of the gaps in superannuation on overtime hours worked, which has a disproportionate impact in the manufacturing and construction industries, where overtime contributes a significant amount of overall income. This also needs to be examined as a priority.

### Legislate commencement of the Retirement Income Covenant

The More Choices for a Longer Life package (2018-19 Budget) included a commitment to the introduction of a Retirement Income Covenant in the Superannuation Industry (Supervision) Act 1993. Three years on the Retirement Income Covenant remains the first step toward a more robust focus on retirement income within our superannuation system. One of the major strategic findings of the Review is that many retirees fail to generate an optimum retirement income and die with all or most of the assets with which they retired. We have a **retirement asset** system not a retirement **income** system. It is essential that the Covenant be implemented without further delay.

We note comparable jurisdictions such as the United Kingdom have introduced mandatory 'wake up packs' that must be issued by superannuation firms to consumers. These packs provide early retirement risk warnings about their investment and begin to get consumers to think about their retirement income at age 50 in order to be prompt investment decisions early enough to improve their retirement

savings. A government mandated refocus from the amount of asset projected, to the amount of money that is forecasted to be available for you in retirement, including an agreed standard of how this calculation is to occur, will assist refocusing the effort from retirement accumulation, to retirement consumption. Importantly revised advice by the regulator included enhanced ability for superannuation funds to give meaningful information about their retirement without formally providing 'advice'. Such lower cost solutions must become a key component of the Retirement Income Covenant.

The Retirement Income Covenant was understandably delayed due to COVID-19, and the need for further consultation. We urge the commencement of the Retirement Income Covenant consultation without further delay.

### **Consult on further proposed changes following the Retirement Income Review**

The Report of the Retirement Income Review was released on 20 November 2020. It explores the relationship between the various pillars and provides an evidence base for future policy making. Importantly, the Report prompts a discussion about ensuring the system encourages the use of retirement income and assets to optimise quality of life in retirement. This is a critical conversation for us as a nation. COTA Australia were pleased to see the Report address issues such as defining adequacy and suggest a 65-75% target for the Replacement Rate. Key issues, including the future mechanisms for consumption, and the role of the family home as the major asset for most households, will require a great deal of consideration and consultation.

We believe the Report should be followed by a second step in which Government engages in consultations about Government policy decisions based on the findings of the Review. We recognise that this may occur over the medium term but encourage a commitment to it being made in this budget to ensure the foundation of the consultation can be determined. Off the back of the Review's Report, the findings should be tested, and discussion generated as to the implications and future options for retirement income policy. Consideration should also be given how to ensure that the findings of the report is embedded within the report. This consultation is essential prior to any decisions by government on any measures as a result of this review. It is also essential that such consultations include structured and properly facilitated consultations with consumers regarding the Review's findings and implications, and that this be adequately funded.

#### **Measures:**

- Legislate to remove the Superannuation Guarantee payment threshold of \$450 per month per employer.
- Legislate to require the Superannuation Guarantee to be added to paid parental leave.
- Legislate the Retirement Income Covenant without further delay and Include consumers in future consultations on its implementation.
- Mandate - within a reasonable timeframe for implementation - the provision of financial advice to consumers by superannuation funds about their likely retirement income. Such measures should include 'wake up packs' for over 50s and a refocus on their forecast income to be available in retirement, rather than a focus only on a lump sum. A mandated

suite of standard calculations and formats to be used should be included in order that the information is comparable.

- Commit to a well-resourced and structured consultation with stakeholders and the community – including with consumers - on the findings of the Retirement Income Review and potential policy measures that might follow from its findings beyond those recommended above for immediate implementation.

## Priority: Aged Care

### Commitment to fund the key recommendations of the Royal Commission into Aged Care Quality and Safety

The Final Report of the Royal Commission into Aged Care Quality and Safety will be delivered in late February. Investment in aged care reform emanating from the Royal Commission's Final Report will necessarily be a centrepiece of the May 2021 Federal Budget. It is imperative that the Government commits to a timetable for reform, with clear milestone deadlines and associated funding for these significant reforms over the Forward Estimates.

The Government must invest in reforms that empower and enable consumers and provide them with greater choice and control over care decisions and planning. While we reserve the right to adjust these key items based on the release of the final report, we urge the Government to plan for and fund in the May 2021 budget the following key issues anticipated in the Royal Commission's Final Report:

- **A new Aged Care Act** based on human rights to provide an essential foundation for genuine change and a transformed aged care system. The Act should protect consumers but also empower them to make decisions about their care and the quality of their lives. A key feature of the new Act should be provisions to enable funding to be allocated to the consumer and not to the provider.
- A more **developed, integrated, and substantive home care program** to respond to current and increasing future demand, improve outcomes for consumers and expand policy and practice approaches. This should address a range of issues including funding categories, consumer directed care and self-management, flexibility of funding, pricing of service activities, workforce skills, qualifications and training, worker employment and engagement arrangements, service certification, quality indicators and outcome measurement and a consistent reablement approach.
- User **contributions arrangements that are meaningful, simple to administer, easy to understand and fair**. There should be a strategy, approach or framework that addresses user contributions in aged care that is developed from a consumer perspective. COTA Australia fully accepts that consumers should make a greater financial contribution to the cost of their care subject to the capacity to pay. The approach should enable choices for older people to pay more for their care and enable a range of financial products and incentives to be provided. This would be developed with the knowledge that higher user contributions will never cover the increased funding required for the highest quality aged care system.
- Measures to ensure the **transparency and accountability of service performance** and cost to improve the accuracy, consistency and timeliness of information and communication about the aged care system. This would include a star rating performance measurement system and complementary performance information and made publicly available through a range of channels to inform consumer decisions. Over time, trend data would be available and benchmarked against similar types of services. There should be total transparency regarding pricing, descriptors of services, staffing numbers and mix, complaints processes and outcomes,

quality performance related both to internal measures and external standards and consumer experience, engagement and reporting.

- The **abolition of the Aged Care Approvals Round (ACAR)** to provide the competitive environment that supports excellent provider practice and exposes poor quality performers. The removal of the ACAR will place greater choice and control in the hands of the consumers and their families. The Government has had for over 12 months the Impact Study that sets out the process to achieve this with two years (noting that the Government decided in principle to do this in 2018!)
- **Care finders/navigators/wranglers, with a case management function, that are independent of government and providers**, to work alongside older people, to inform and empower them to make decisions about their own care. It is critical that these services are not employed as public servants and employees of the Australian government, or aged care providers, so that the needs of older people are fully advocated for and are not compromised by conflicting and competing interests. Local care finders/case managers and assessment services should be linked to each other and support older people to develop their care plans and utilise local services.
- **Support for informal carers** or family/friend carers, strengthening their role as part of the aged care system particularly through the introduction of carers leave, linking informal carers to the front door elements of the proposed new system, and establishing a community-based Carers Hub network. Further work is also required to link informal carers with My Aged Care and the Carer Gateway.
- **Consumer informed quality indicators and measures** that define high quality care, inform improvements in the holistic care of older people, enable assessment of provider performance, inform better costing of services, training and professional development for staff and service planning. Measures must not be restricted to clinical outcomes but also relate to quality of life, respect and dignity.
- Reforms **enabling greater integration of aged care services and health and wellbeing services** to ensure effective and quality outcomes for many older Australians. This includes integrated funding mechanisms, systemic and organisational governance arrangements and stronger coordination requirements. COTA Australia supports all the Assisting Counsel recommendations improving access to health care for older people in both residential and home care.
- Reforms to **prudential regulation and financial oversight that apply stronger statutory duties on approved providers, stronger liquidity requirements and enhance regulatory powers and capability**. This will assist to improve and protect the sustainability of the sector, improve the effectiveness of financial reporting, enable stronger liquidity, provide for adequate investment in capital and strengthen continuous disclosure requirements for providers. The aged care regulator should have greater capability in the area of prudential regulation and financial oversight.

### Continue investment in Home Care Packages

COTA Australia urges Government to continue increasing the number of Home Care Packages to meet the Royal Commission goal that no person wait more than one month to receive the care they need.

We acknowledge the \$1.6 billion allocated in the 2020-21 Budget, to provide 23,000 additional packages as well as the 10,000 extra packages announced in the MYEFO in December 2020. These are substantial

steps forward but there is still a long way to go to have a home care program where older people, wanting to live in their own homes, are not waiting long periods for the assessed care that they need.

It is critical that the Government commit to and plan for the reduction of waiting times to 30 days and to ensure that no one is prematurely forced into residential care.

We understand from evidence to the Royal Commission that around a further \$2.5 billion per annum is required to address the current gaps and reduce waiting times to no more than 1 month. Whatever the actual cost, which could be mitigated by a reformed home care program and better user charges for those with capacity to pay, this target needs to be met ASAP. A plan should be implemented based on reduction targets and milestones over the no more than a 24 month period.

At 30 September 2020, there were 62,395 people who were seeking a home care package at their approved level, who had not yet been offered a package. An additional 36,873 people have been offered a lower level package (which most but not all took up). Those without a package have been approved for Commonwealth Home Support Program (CHSP) services but how many have been able to access these is unknown and those services are under pressure in many areas; and if able to access, how much help they really are compared to the assessed need.

### **Expand and improve the aged care workforce**

As a matter of urgency, the Government must invest in and implement a comprehensive workforce strategy for aged care. Based on estimates for the A Matter of Care report, this will cost a further \$3.5 billion per year. It is likely that the strategy will need to be rolled out over a number of years. COTA supports the Royal Commission's direction of placing a short term focus on increasing remuneration to achieve wage parity for staff working in aged care, compared with comparable industries such as primary health.

Funding to support the aged care workforce will need to address a range of issues including:

- supporting improvements in remuneration
- changing the workforce culture to be consumer directed
- significantly increasing the numbers of aged care staff, especially personal care workers and allied health professionals, and in some areas appropriately qualified nursing staff
- identifying and improving skill gaps, ensuring the appropriate skills mix
- creating better career pathways
- education, training and professional development needs
- competency, accreditation and registration requirements
- equitable geographic coverage of workforce
- the role of immigration and changes to visa arrangements
- minimum staffing requirements and standards
- industry code of practice
- workforce relations framework
- interface with health and wellbeing services
- research, data, and evaluation

All these are critical to better attraction, development and retention of the workforce that will be needed over the coming decade. It is a big challenge which government will have to lead, as the industry has repeatedly shown it is unable to do so.

### **Strengthen the capacity of the Aged Care Quality and Safety Commission**

The evidence provided to the Aged Care Royal Commission and the experience of older people in aged care during the COVID-19 pandemic highlight the importance of a strong and well-resourced regulator to protect consumers and improve provider practice and outcomes. This will require increased and consistent resourcing.

Regulation has not been effective enough to prevent many instances of negligent and abusive behaviours in aged care, remedy them and remove many providers who are serial offenders of bad practice, whether from intent or neglect, organisational mismanagement and lack of competence.

The Aged Care Quality and Safety Commission needs resources to implement a more rigorous schedule of unannounced visits to residential aged care facilities and home care services, and to develop a framework for smarter regulation based on genuine consumer engagement and choice and control requirements, not just education on engagement.

This would be complemented by a more diverse and nuanced set of powers and regulatory tools at its disposal to deliver timely and proportionate responses to substandard care and support, from financial and personal penalties to incentives for excellence in achievement.

### **Upgrading of Government Information Technology (IT) systems**

Effective real time IT systems need to be in place that enable consumer choice and control over their services and to simplify and streamline quality monitoring and real time information on services and costs. This information should be transmitted to the Aged Care Quality and Safety Commission and the Department of Health through effective business to government (B2G) interfaces.

The upgrading of IT will require a significant initial investment by government but once effective B2G interfaces are in place IT should be part of the regular financing of aged care and should make recurrent costs more efficient and therefore cheaper.

The IT upgrade should include updating the functionality of the My Aged Care website / customer portal to provide for real time booking and charging of services against people's packages. We would also encourage a focus on building the proposed 'advocates/navigators' portal for My Aged Care to ensure these providers may deliver appropriate controls.

The COVID-19 pandemic has highlighted many longstanding as well as new issues in aged care and put a spotlight on the need for continued reform. The response to the pandemic has provided lessons and insights for aged care at the community and service delivery level and at a structural or big picture level. At the community and service level this includes inadequate infection control training and preparedness, gaps in service communication and information processes, inconsistent home care service delivery and pricing, increasing concern about loneliness and the mental health of vulnerable older people in the community, access to respite, and challenges related to access and use of

technology. At the structural or big picture level this includes challenging ageist attitudes and emphasising human rights, strengthening quality assistance, regulation and compliance, reforming service governance and culture, clarifying and improving coordination between aged care and health care, supporting funding and service flexibility by learning from local service responses and expanding consumer engagement mechanisms.

**Measures:**

- Commitment to a timeframe and funding in the 2021/22 Budget and the Forward Estimates to implement major and transformative aged care reform on the back of the Royal Commission's final report.
- Fund an integrated home-based care services at a sufficient level to reduce wait times so that no consumer will need to wait more than 30 days after assessment; and develop an implementation plan to deliver this within two years.
- Invest in and implement promptly the recommendations of A Matters of Care: Australia's Aged Care Workforce Strategy.
- Invest in government IT upgrades to provide the basis for more streamlined and mandated B2G provider reporting, software-based quality control systems, and genuinely consumer centric services.
- Provide sufficient funding for the Aged Care Quality and Safety Commission to implement better consumer engagement in their quality assessment processes and a rigorous schedule of unannounced visits to residential aged care facilities and home care services; and provide the Commission with a wider range of powers and regulatory tools.
- Replace the Aged Care Approvals Round bed allocation process with new arrangements that place control in the hands of consumers and families and encourage good providers to expand and assist the exit of poorer providers, by implementing the recommendations of the Impact Study (which Government has had for over a year).

## Priority: Mature Age Employment

Many older Australians seek to remain in employment for long periods for reasons such as needed income, connection to colleagues and community, and professional connections and skills development. For some older Australians it can be vital to continue employment to a very mature age due to factors such as low savings and superannuation, high living costs, family circumstances and being housed in the private rental market. Moreover, active employment in the years leading up to retirement contributes significantly to the subsequent financial security of older people in retirement and results in capacity have an income in excess of the full rate of the Age Pension (also saving the taxpayer), capacity to retain private health insurance, capacity to part fund care and support, etc.

Economic research indicates that higher levels of mature age employment increase economic productivity. The 2016 Golden Age index by PwC found that if Australia's employment participation rate for workers aged 55 years plus (52 per cent) was to increase to Swedish levels (74 per cent), the potential gains to the Australian economy could be about \$69 billion. Of that, \$57 billion could be achieved by increasing employment participation for people age 55-64. However, once an older person becomes unemployed, they find it much more difficult to re-enter employment than younger people. People aged 55–64 years spend on average 36 weeks looking for work until they find employment, compared to 14 weeks for all age groups. Many spend much longer. We have also seen past examples of older workers being unable to re-join the workforce after global economic downturns, as we expect to see in coming months as the economy recovers from COVID19.

COTA Australia is enthusiastic to work with Government across a range of initiatives, including the Career Transition Program, to ensure the barriers to work are reduced.

### Career Transition Assistance Program

Reports from our constituency indicate that newly unemployed older Australians assume that they must wait until they are in receipt of income support before they are eligible to benefit from the CTA program. We know that this is not true. The message that you do not need to be in receipt of, or even eligible for, income support to receive this type of assistance is not reaching older Australians.

To that end, COTA Australia advocates for an increased awareness of the Career Transition Assistance Program, possibly through an advertising campaign. JobActive providers must also be supported and encouraged to actively refer participants to this service.

In addition, the impact of the Liquid Asset Waiting Period means a delay of the JobSeeker payment for most mature age unemployed people. In many cases this can be up to 3 months after first applying for Jobseeker and/or first losing your job. Currently it is not until this payment and its associated mutual obligation requirements commence that any mention of the Career Transition Assistance program is provided by Centrelink. Research shows that early intervention to support newly unemployed mature age job seekers can increase success rates of finding a job. COTA therefore urges that mature age job seekers are quickly and efficiently referred to the Career Transition Assistance program as the key program of support for older workers seeking employment, irrespective of income support payment status.

## Wage Subsidy

Programs such as the Restart Wage Subsidy are essential for encouraging the employment of older workers and reducing these barriers. However, the Restart Wage Subsidy also showed that many older employees find their employment has been discontinued after a relatively short employment period, once the initial boost from the subsidies lapse. The promotion and ease of accessing the under 35's JobMaker program may be a more effective program for assisting the longer term unemployed to secure work. COTA firmly believes that JobMaker should be extended to include people 55 year and over, who are equally disadvantaged as the youngest of the unemployed.

COTA also believes a reduction of tax on small to medium businesses for each mature age employee may be a more sustainable, long-term alternative to the Restart, that encourages retention of mature age employees for longer periods and is worth trialling.

## 'JobMatcher': Linking mature age employees with employers seeking older workers

Mature jobseekers report difficulty finding roles that are suitable for older workers. Some businesses, large and small, report to COTA difficulty in sourcing mature age workers for roles to which they would be ideally suited (e.g. working with mature age customers). COTA Australia sees a proactive role from Government and recruitment search engines to better match these workers and jobs. There is an opportunity to explore ways to match jobs where employers actively seek mature age employees and jobseekers who self-identify as mature age using job search platforms online.

One barrier discussed by employers with COTA is the perception that stating age ranges or indicating candidate preferences for mature age employees may be in breach of anti-discrimination laws. We note that the Australian Human Rights Commission is unable to provide interpretative advice on its own legislation and that therefore such advice countering this perception may be more suited to be provided by Australian Solicitor General.

We suggest such advice should be combined with building a mature age employee/employer match into government job boards. COTA Australia believes this would have a tangible impact on the success rates of mature age jobseekers if they could see employers who were specifically interested in seeking employees of a mature age. In order to encourage private enterprise to implement comparable services, employers and employees matching using online job boards, COTA proposes the Government establishing a roundtable to discuss further how this may be achieved.

### Measures:

- Promote the uptake of the Career Transition Assistance Program, including funding for an advertising campaign.
- Implement early promotion of the Career Transition Assistance Program via Centrelink communications to mature age applicants of Jobseeker (irrespective of when they commence receiving payments).
- Include people over 55 in the JobMaker program.
- Trial alternatives to Restart wage subsidy programs to increase mature age employment amongst the long term unemployed.

- Provide formal legal advice by the Australian Solicitor General or similar around the ability for job advertisements to identify preferences for mature-age workers.
- Trial alternatives to the Restart Wage Subsidy program.
- Establish a roundtable to discuss technical solutions to matching employers and employees using online job boards
- Build a mature age employee/employer match into government job boards.

## Priority: Income Support

Evidence from the Retirement Income Review Final Report suggests that inequities in retirement incomes reflect inequities during working life – particularly for low income individuals, women, and Aboriginal and Torres Strait Islander people. COTA Australia is committed to improving equity in both during working life (see ‘mature age employment priority’) and during retirement.

Many older Australians find it very difficult to access employment due to barriers such as age discrimination. Prior to COVID-19, around a quarter (24.6%) of Jobseeker recipients were over the age of 50. With the current high cost of living and the extremely low base rate of Jobseeker allowance, these older workers are left with little choice but to draw on their savings and further create inequity in retirement.

### Increase the maximum rate of Commonwealth Rent Assistance and commit to consulting on a new model

Older Australians in the private rental market are amongst the most disadvantaged Australians. COTA Australia has long argued that the maximum rate of Commonwealth Rent Assistance must be increased, so that both older renters on JobSeeker and age pensions can continue to put a roof over their head. COTA Australia urges an increase in the maximum amount of rent to which Commonwealth Rent Assistance applies by a minimum of 40%. This would mean retaining the current calculation of paying \$0.75 of CRA for every dollar of rent paid over \$124.60. The maximum amount of rent paid used in this calculation would increase 40% from \$310.73 per fortnight to \$435.02 per fortnight. This would result in an increase of the maximum Commonwealth Rent Assistance payable (depending on the amount of rent you pay) increasing from \$139.60 per fortnight to \$232.82 per fortnight, or an extra \$93.22.

The Retirement Income Review correctly identified that, long term, there is a need to reconsider the model of Commonwealth Rent Assistance in Australia, to find a way to more adequate subsidies low-income tenants with high rental costs. COTA Australia agrees with this. Whilst there is an urgent and immediate need to raise Commonwealth Rent Assistance, we agree that a better model can be investigated and developed. COTA Australia is keen to work with Government and other stakeholders on a sustainable alternative model.

### Permanently abolish the Liquid Assets Waiting Period

The Liquid Asset Waiting Period (LAWP) disproportionately affects older Australians, especially where their intended retirement incomes are kept in financial vehicles such as bonds and shares, and even term deposits. COTA Australia supports the abolition of the LAWP altogether, in line with recommendations from several reports, including the Henry Tax Review. A strong safety net is needed to ensure the involuntarily unemployed do not have to draw down on their retirement assets during their working years. As a minimum COTA believes that the LAWP should be abolished for people over 55 years of age, for whom it constitutes a retirement income tax.

To assist jobseekers during COVID-19, the Liquid Assets Waiting Period was temporarily removed. This welcome removal prevented any single unemployed person with more than \$5000 in their bank account (or other liquid asset vehicle) from having to draw down on their savings before qualifying for income

support. By supporting older Australians on Jobseeker to retain their existing financial resources leading up to retirement, the measures have potential to reduce later pressures on the Age Pension.

Additionally, early intervention and support when seeking a new job as a mature age unemployed worker yields greater success at returning to the workforce. The 3-month denial of access to support is problematic. Promotion of the Careers Transition Assistance program (which does not require you to have commenced receiving income support) should be given to all Jobseeker applicants immediately.

The LAWP has now unfortunately been reinstated. Furthermore, there is currently legislation before the parliament to extend the maximum waiting time of the Liquid Assets Waiting Period (LAWP) from 13 weeks to 26 weeks. COTA Australia vehemently opposes this legislation. Under the proposal, the maximum six-month waiting time will apply where a person's liquid assets reach \$18,000 for a single person with no dependent children, and \$36,000 for couples. We urge the Government to withdraw this legislation that pushes older mature age unemployed workers further towards poverty.

### **Raise the rate of Jobseeker and improve indexation**

COTA Australia urges the Government to implement a permanent and adequate increase to the base rate of Jobseeker. In addition, improvements to the indexation must be made to ensure that the rate of Jobseeker is kept in line with community living standards. While a range of options is available, one approach could be to benchmark Jobseeker against Male Total Average Weekly Earnings (as the single parenting payment now is). An alternative is to apply the same indexation rules to Jobseeker that is applied to the Aged and Disability Pensions today.

#### **Measures:**

- Increase the maximum Commonwealth Rental Assistance (CRA) by a minimum of 40% and benchmark future rises in the CRA to median rents.
- Review the structure of CRA to ensure that Commonwealth funds provide maximum assistance to older people experiencing rental housing stress.
- Investigate the development and implementation of an alternative rental assistance model.
- Remove the Liquid Asset Waiting Period for all people and withdraw legislation proposing to increase the waiting period from 13 weeks to 26 weeks currently before the Senate. At a minimum the Liquid Asset Waiting Period should not apply to unemployed people over the age of 55 years.
- Implement early promotion of the Career Transition Assistance Program to mature age applicants of Jobseeker (irrespective of when they commence receiving payments).
- Increase the maximum single rate of JobSeeker and review the indexation.

## Priority: A Whole-of-Government Approach to Ageing

### Provide a Whole-of-Government Strategy for older Australians

COTA Australia has long advocated the urgent need for a Whole-of-Government Strategy for Older Australians. The strategy would act as a high-level plan to guide measures that address in consistent and complementary ways identified issues and challenges faced by older people.

In the coming year a significant focus of the Government will rightly be directed to the recommendations of the Aged Care Royal Commission and consideration of the findings of the Retirement Income Review. While supportive of these priorities, COTA is concerned that without a comprehensive framework to continue addressing other measures that improve the lives of older Australians, such measures will not be optimised and ongoing.

Currently, a small portion of this work is done through the More Choices for a Longer Life Inter-Departmental Committee, particularly with those measures related to jobs and skills. Specifically, the package included a commitment to 42 measures which address a wide range of areas, including:

- Aged Care;
- Jobs and skills;
- Finance for a longer life;
- Supporting choice and a healthy long life; and
- Safeguards quality and rights.

We therefore propose that the groundwork to develop such a Whole-of-Government Strategy (or action plan or whatever it the most appropriate descriptor) be included in the 2021/22 Budget.

### Publish and post a printed communication to older Australians twice a year

COTA Australia's engagements with older Australians shows that most see Government as a trustworthy and credible source of information. As a trusted source, Government has an important role to play in supporting older Australians to live informed and healthy lives. The number of older Australians as a proportion of the population will continue to grow. Based on current demographic trends 25 percent of Australians will be over the age of 65 by 2050. This is a key target group for government communication.

COVID-19 has unfortunately caused a number of traditional communication channels to disappear. The cessation of printing of many local papers and the cessation of free home delivery for those that remain, has resulted in many older Australians losing vital mechanisms to remain connected with key messages.

Unfortunately, due to budgetary constraints it seems in November 2020 Services Australia discontinued without notice the publication of the *News for Seniors* magazine which was delivered to most older Australians receiving income support or a pension. This was done in favour of more regular online communication. From our work with older Australians we know that whilst some are active online most say that they value and trust more traditional methods of communication from Government. A publication such as *News for Seniors* was a reliable and balanced source of information.

While the recently deceased 'News for Seniors' exclusively contained information about Services Australia matters, COTA believes there is a major opportunity for a whole-of-government communication approach to speak with older Australians at least twice a year across a range of portfolio, including aged care, income support, taxation, energy, digital safety, eHealth records, MyGovID information, current scams, consumer protections and no doubt more. The publication should be a whole of Government communication, not specifically from one Department. While many state governments effectively utilise such a mechanism via the distribution of information around their Seniors card, such a mechanism is currently unavailable to the Federal Government. There may even be potential for Government to allow paid advertising in the communication tool in order to help reduce the costs.

An all of government publication may reduce the need for separate information to be produced from individual government departments and may contribute to a more cost effective communication channel for any Government campaign, given the reduced capacity for the Government to promote to older populations on social media, compared with others. Older Australians could also be able to choose if they wish to engage with the publication digitally or as a physical publication. The publication would be a fundamental way to strengthen the relationship with older Australians and update on relevant information and initiatives that impact the lives of older Australians and their families.

COTA Australia urges Government to invest in developing a bi-annual publication that is delivered to all Australians aged over 60 years as a trusted and official source of information.

**Measure:**

- Initiate the development of a whole-of-government strategy for older Australians and an ageing Australia
- Develop and deliver a bi-annual (or more frequent) all of government publication to communicate specifically with older Australians.