

# National Seniors

Australia

**Submission to the 2012-13 Federal Budget**

March 2012



Be  
heard

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## Recommendations

### Reforming aged care

- Provide a detailed plan of action, a timetable for implementation and funding for a comprehensive aged care reform package, commencing in 2012-13.
- Ensure aged care funding arrangements are set at a level that enables and requires providers to pay fair and competitive wages to nursing and other care staff, and provides for appropriate staffing levels and mix of skills.
- Provide a direct incentive to registered nurses to work in the aged care sector, through remission of their HECS-HELP debts.
- Make the development of more flexible and responsive community (home-based) aged care a strategic policy priority and fund it accordingly.
- Commit to the provision of sprinklers in all aged care facilities and a sharing of the cost between the Commonwealth, State Governments and individual providers.

### Improving health outcomes

- Provide free, means-tested bi-annual preventive dental health checks for people aged 65 and over, as a first step towards a universal dental health care scheme.
- Extend the target age range of the BreastScreen Australia Program to provide biennial screening for women aged 70–74 years.
- Extend the target age for reminders under the Program to include all women aged over 69 years.

### Reducing cost of living pressures

- Halve all Pharmaceutical Benefit Scheme safety net thresholds for single people.
- Halve all the Medicare Safety Net thresholds for single people.
- Increase income limits for the Commonwealth Seniors Health Card.
- Inform older Australians about how the income test for the Commonwealth Seniors Health Card works and encourage them to have their eligibility assessed.
- In conjunction with the health insurance sector and consumer groups, initiate a review of existing health insurance arrangements as they impact on the capacity of older Australians to maintain their private health insurance.

### Facilitating affordable and appropriate housing

- Work with state, territory and local governments to:
  - remove stamp duty, with revenues replaced by more efficient taxes, such as an annual land tax
  - remove regulatory impediments which inhibit the development of smaller housing and other innovative approaches, and
  - increase the supply of affordable, appropriate age-friendly housing.

- Exercise strong leadership at the Council of Australian Governments to facilitate the development of nationally consistent retirement village legislation.

**Providing appropriate support for older workers**

- Engage peak employer and industry groups to assist individual employers to develop and implement older worker employment strategies.
- Work with industry to extend flexible work arrangements to people aged 55 and over.
- Task the National Skills Standards Council, and the soon-to-start National Workforce and Productivity Agency, with investigating the mismatch between workers' skills and industry demands, and developing training packages tailored for older workers.
- Commission a review of income and employment support frameworks and programs for people over 50.
- Work with state and territory governments to amend workers' compensation regimes to ensure older workers are not disadvantaged.

## **1. Introduction**

National Seniors Australia recognises the challenging financial times faced by governments and citizens alike and appreciates the fiscal constraints confronting the Australian Government as it makes the tough decisions necessary to ensure the Budget returns to surplus in 2012-13.

Financial security is crucial to older Australians being able to retire with dignity, a degree of certainty and 'peace of mind'. Sound financial and economic management, debt reduction and the prevention of waste will remain pre-requisites to delivering this security. At the same time, however, the Government must continue to make necessary investments to enhance the well-being of the community.

In this submission, National Seniors Australia sets out its priorities for action in the 2012-13 Budget to improve the well-being of older Australians. We have drawn on extensive input from our members to identify a small number of practical measures that address key concerns in the areas of aged care, health outcomes, cost of living pressures, affordable and appropriate housing, and support for older workers.

## **2. Reforming aged care**

Reform of the aged care system remains our highest priority. The Productivity Commission's final report, *Caring for Older Australians*, provides a sound foundation for improvement. Its recommendations seek to facilitate a fundamental restructuring of the aged care system to ensure that high quality and affordable services can be provided to current and future generations of Australians.

While implementation of reform will necessarily take place over several years, an immediate start must be made. In the 2012-13 Budget, the Government should provide a response to the Productivity Commission's recommendations, including a detailed plan of action, a timetable for implementation, and funding for a comprehensive aged care reform package.

A hallmark of high quality aged care is that it is provided by a well-trained workforce with enough time to provide proper attention to people requiring care, whether they're in their own home or in a residential care facility. Unfortunately, aged care in Australia is failing to meet this mark.

Low wages, poor career opportunities, high turnover levels and a stressful working environment, particularly in the residential aged care sector, have led to great difficulties in securing adequate numbers of trained staff, especially nurses.

In our December 2011 survey of members, one quarter of all respondents nominated their highest reform priority as addressing workforce shortages. This is a long-term problem that cannot be properly addressed without significant new investment in the system.

While we recognise that the Government is not responsible for setting wage rates and conditions of employment in the aged care sector, its funding arrangements are a major determinant of aged care providers' ability to pay competitive remuneration that will enable the sector to attract and retain a highly skilled and productive workforce. The Government's funding must make provision for better wages, training, regulation and career progression to enable the delivery of quality aged care. At the same time, it will need to put mechanisms in

place to ensure that any additional funding provided to address workforce shortages is spent on workforce improvements and is not diverted to higher profits and/or other activities.

Community (or home-based) aged care services play a very important role in supporting older Australians to live in their own homes for longer. In our member survey, almost all respondents rated the 'ability to receive care in my own home' as very important (71 per cent) or important (25 per cent) in accessing aged care services. In addition, one-third of all respondents expected to receive extensive help from an aged care provider in their own home, almost double the rate of those who expected to receive extensive help in residential care. Those currently aged 75 and older had the strongest expectation (41 per cent) of home-based care.

As noted by the Productivity Commission, Australia's ageing population and older people's strong preference to stay in their homes as long as possible will increase the need for associated home-based care. Community aged care has the potential to reduce the pressure on more costly services such as residential care places. It can also enable older people to enjoy the benefits gained from remaining in their homes and communities for longer, significantly improving their quality of life. This is particularly important for older people who live alone, lack support from their families or are on lower incomes.

Despite its importance, less than one-third of Government expenditure on aged care services is directed to community care. We believe more consideration should be given to ways of ensuring community care can be made more effective in meeting the expectations of the vast majority of older people who need care and want to receive it in their own homes.

In light of the recent tragedy of the Quaker's Hill fire that cost the lives of older Australians, National Seniors Australia believes that the issue of sprinklers in residential aged care facilities may have national implications. There is no doubt that the use of sprinklers in aged care facilities offers considerable benefits to life safety, property protection and continuity of service delivery. However, only Victoria and Queensland require all of its aged care facilities to feature sprinklers. Rectifying this situation should be a shared responsibility between the Commonwealth and State Governments and individual providers.

National Seniors Australia recommends that the Government:

- Provide a detailed plan of action, a timetable for implementation and funding for a comprehensive aged care reform package, commencing in 2012-13.
- Ensure aged care funding arrangements are set at a level that enables and requires providers to pay fair and competitive wages to nursing and other care staff, and provides for appropriate staffing levels and mix of skills.
- Provide a direct incentive to registered nurses to work in the aged care sector, through remission of their HECS-HELP debts.
- Make the development of more flexible and responsive community (home-based) aged care a strategic policy priority and fund it accordingly.
- Commit to the provision of sprinklers in all aged care facilities and a sharing of the cost between the Commonwealth, State Governments and individual providers.

### **3. Improving health outcomes**

Many Australians aged 50 and over are concerned about their ability to remain healthy and active in later life. National Seniors Australia acknowledges the Government's commitment to health care reform. In this regard, the new National Health Reform Agreement reached with all state and territory governments in August 2011 is a welcome development. We look forward to the progressive implementation of a range of initiatives that will have a beneficial impact on the Australian health care system.

However, there are two areas that we do not believe have been addressed adequately by the national health reform package and which older Australians especially will benefit from. These are improving access to dental health and cancer care and protection.

#### **Dental health**

It is widely accepted that significant reform is needed in the provision of dental care, not least because Australia ranks among the bottom third of OECD countries for rates of dental decay among adults. Oral and dental health plays an important role in the health and well-being of older people and therefore their quality of life.

National Seniors Australia supports the National Advisory Council on Dental Health's suggestion in its February 2012 report that a universal dental health care scheme should be a long-term goal for Australia.

However, while we agree also with the Council's findings that older Australians in low income groups and residential care facilities have poor oral health, we disagree with the assertion that Australians aged 65 years and older appear to be at less risk of oral disease than the broader population.

A significant body of research has demonstrated that older Australians experience poorer dental health generally than younger generations. Poor oral health can affect eating and contribute to malnutrition in older people, and has been linked to a number of serious diseases and conditions, including diabetes, respiratory diseases, stroke, kidney diseases and dementia.

The incidence of periodontal disease is more than twice as prevalent in older Australians, at about 54 per cent, compared to young Australians, at about 25 per cent. Furthermore, people over the age of 75 have two to three times the level of gum disease and tooth decay as the general population, emphasising the particular vulnerability of this population group. The Australian Institute of Health and Welfare has also estimated that there were 13,300 potentially preventable hospitalisations in 2009-10 due to poor dental conditions of people age 55 and over.

Poor dental health can be attributed to a number of factors, including lengthy waiting lists and prohibitive costs, as well as the absence of a national dental health program which can be accessed by older Australians. For example, it has been documented that more than 650,000 adults are on public dental waiting lists, with waiting periods in some parts of Australia extending beyond two years before people receive basic dental care. Also, 20 per cent of Australians age 65 years and over avoid or delay visiting a dentist due to cost, and 16 per cent are unable to afford their recommended dental treatment.

Given the established link between oral health and chronic disease, National Seniors Australia believes that the Government should act immediately by allowing older Australians to receive free, means-tested preventive dental health checks. Improving dental health among older Australians, will improve their general health levels and the government will benefit in terms of saving some of the costs that are incurred through dental-related medical conditions.

National Seniors Australia recommends that the Government:

- Provide free, means-tested bi-annual preventive dental health checks for people aged 65 and over, as a first step towards a universal dental health care scheme.

## **Cancer care and protection**

Breast cancer is the most common cancer in women, excluding non-melanoma skin cancer. Mortality rates from breast cancer increase with age and peak at age 85 years and older.

An evaluation of the BreastScreen Australia Program showed that breast cancer incidence rates for women aged 75-79 are higher than the rates for women aged 50-54 years and 55-59 years, both of which are included in the target population for the Program. It also indicated that the sensitivity of mammography is significantly higher in women aged 70 years and over in both first and subsequent screening rounds, suggesting that screening would be most accurate for women within this age group.

While the report was released in September 2009, we are not aware that the Government has acted on any of the recommendation to date. National Seniors Australia strongly supports the evaluation's recommendations to extend the target age range of the BreastScreen Australia Program to provide biennial screening for women aged 70–74 years and to extend the target age for reminders under the Program to include women aged over 69 years. In light of the increasing life expectancy rates for women, the Government should also consider working towards further extending the target age for reminders by including all women aged over 69 years.

National Seniors Australia recommends that the Government:

- Extend the target age range of the BreastScreen Australia Program to provide biennial screening for women aged 70–74 years.
- Extend the target age for reminders under the Program to include all women aged over 69 years.

## **4. Reducing cost of living pressures**

Rising costs in essential areas, such as food, housing and utility prices, have a significant impact on the living standards of older Australians, particularly those who have few, if any, discretionary expenditures that can be reduced. Many older people cannot afford the steady and growing cost increases in essential areas.

Older Australians typically have lower average incomes and are much more likely to be reliant on Government pensions and allowances as their principal source of income than the rest of the population. It is essential that age pensioners and low income self-funded retirees

are provided with appropriate financial assistance and that assistance is reviewed to ensure a 'modest but adequate' lifestyle.

## **Medicare and the Pharmaceutical Benefits Scheme**

Prescription medicines, visits to the doctor and health tests are major and increasing cost pressures for older Australians. However, we are dismayed that the current safety net thresholds under both Medicare and the Pharmaceutical Benefits Scheme (PBS) discriminate against single people and increase their already higher proportionate cost of living. According to the Department of Health and Ageing's website, the general and concessional PBS safety net thresholds are the same for single people and families because "this approach results in a straightforward system for ease of understanding by users and ease of administrative interpretation and application".

There is considerable evidence in Australia to demonstrate that the living costs of singles are approximately 70 per cent of couples, because of high fixed costs, for example, those associated with housing. Also, the OECD equivalence scale implies that, to have the same standard of living, a single person requires 67 per cent of the income of a couple. The significant increase in the single Age Pension in 2009, which brought it up to 66 per cent of the combined couple rate, reflected this reality.

National Seniors Australia considers that it is essential to address the current inequity for single people having to reach the same safety net amounts as couples in the safety net thresholds operating under Medicare and Pharmaceutical Benefits Scheme.

National Seniors Australia recommends that the Government:

- Halve all Pharmaceutical Benefit Scheme safety net thresholds for single people.
- Halve all the Medicare Safety Net thresholds for single people.

## **Commonwealth Seniors Health Card**

The Commonwealth Seniors Health Card (CSHC) was introduced nearly twenty years ago to provide pharmaceuticals at a concessional price to people of Age Pension age who met the pension eligibility income test but who did not meet other eligibility conditions. The current income limits were set in 2001, at \$50,000 for singles and \$80,000 for couples, and have not changed since. We believe that a review of these limits is long overdue and urge the Government to increase the CSHC income limits.

The 2008-09 Budget foreshadowed that the CSHC income test would be amended to include gross income from superannuation income streams from a taxed source, and income that is salary sacrificed to superannuation. However, in the 2009-10 Budget the Government decided not to proceed with the inclusion of gross tax-free superannuation pension income in the 'adjusted taxable income' test. We believe the 'adjusted taxable income' definition for eligibility for the CSHC is not well understood and that many self-funded retirees aged 65 and over have erroneously assumed they are ineligible for the CSHC because their actual incomes, rather than their adjusted taxable incomes, are above the qualifying thresholds.

National Seniors Australia recommends that the Government:



- Increase income limits for the Commonwealth Seniors Health Card.
- Inform older Australians about how the income test for the Commonwealth Seniors Health Card works and encourage them to have their eligibility assessed.

## **Private Health Insurance**

More than 50 per cent of Australians aged over 65 maintain private health insurance. Overwhelmingly they have done so for the greater part of their lives. This contribution to the health system is significant and has continued to take pressure off the public health system.

However the impact of annual increases of 6-7 per cent is causing enormous pressure on older Australians at a time when many are dependent on pensions or other low fixed incomes and have little or no flexibility to adjust their income to meet such increases. It makes no sense for health insurance cost increases to simply drive people away from making a financial contribution toward their health services, particularly given their loyalty to the health insurance model. There is also a question of fairness, given the reality that as people age they are more likely to have the need for services.

National Seniors Australia accepts that the insurance model will provide for regular increases in premiums. Equally, we consider that having a substantial group who are willing and able to make a level of contribution toward health costs should be recognised and all endeavours should be made to enable this group to maintain their contribution.

The issue requires a considered and innovative approach to health insurance that provides encouragement and recognition of the loyalty of older contributors to health insurance.

National Seniors Australia recommends that the Government:

- In conjunction with the health insurance sector and consumer groups, initiate a review of existing health insurance arrangements as they impact on the capacity of older Australians to maintain their private health insurance.

## **5. Facilitating affordable and appropriate housing**

Access to appropriate and affordable housing is a major influence on people's quality of life in their retirement. In Australia, the cost of housing has far outstripped income growth over the past two decades, making it one of the least affordable housing markets in the developed world. Older Australians are taking more debt into retirement and have experienced the biggest jump in housing stress.

While we recognise that housing matters are primarily the responsibility of state and territory governments, National Seniors Australia believes that stronger leadership by the Australian Government is needed to ensure there is better coordination in the delivery of affordable and appropriate housing options for older people.

Some older people find that, as they age and their circumstances change, they may want to sell their current home in order to move to housing better suited to their needs. However, many of them find that the stamp duties involved act as a financial disincentive and discourage relocation to more appropriate housing.

We acknowledge that a small number of states and territories have put in place policies that reduce the cost of stamp duty for some older people. It is important to recognise that such measures also impact positively on the availability of housing stock for the broader community and particularly families with the need for larger houses and access to social and community facilities.

National Seniors Australia strongly endorses and supports the recommendations of the Advisory Panel on the Economic Potential of Seniors Australians to remove stamp duties and pursue a national agenda to address the challenges associated with increasing the supply, affordability and appropriateness of age-friendly housing.

Retirement village living is an increasingly popular option for older Australians wanting to downsize their homes and to live in an age-friendly environment. Retirement villages are regulated by specific legislation in each state and territory, and each jurisdiction has its own definition of what constitutes a retirement village. The different approaches adopted by state and territory governments mean retirement village legislation varies widely across jurisdictions.

National Seniors Australia has long been concerned about the lack of clarity in contracts signed between the managers of retirement village and residents, especially clauses relating to ongoing costs and increasing costs. Many examples have been drawn to our attention of conditions agreed in existing contracts being changed without the permission of the residents after they have left the village or when retirement villages have been sold to corporations. We strongly agree with the Productivity Commission that nationally consistent regulation and common provisions to protect and secure the rights of prospective residents are required.

National Seniors Australia recommends that the Government:

- Work with state, territory and local governments to:
  - remove stamp duty, with revenues replaced by more efficient taxes, such as an annual land tax
  - remove regulatory impediments which inhibit the development of smaller housing and other innovative approaches, and
  - increase the supply of affordable, appropriate age-friendly housing.(As recommended by the Advisory Panel on the Economic Potential of Senior Australians.)
- Exercise strong leadership at the Council of Australian Governments to facilitate the development of nationally consistent retirement village legislation. (As recommended by the Productivity Commission.)

## 6. Providing appropriate support for older workers

Despite the obvious benefits of employing older Australians (experience, knowledge, ability to mentor younger staff and stronger commitment), the Consultative Forum on Mature Age Participation has identified a number of structural barriers preventing the over 50s who may want to remain in, or return to, the workforce. These barriers go a long way in explaining why older Australians have the highest levels of long-term unemployment.

As at July 2011, the average period of unemployment for those aged 55 and over was 63 weeks, compared to only 33 weeks for those aged 15-54. That represents more than a year of lost productivity for the economy and a prolonged period of financial hardship for the individual, at a time of life when people are usually best placed to increase their retirement savings.

To fully benefit from what older Australians have to offer, it is essential that we create a level playing field for older workers by addressing wider employment practices. Older Australians will redefine the form their productivity takes – in terms of roles, hours worked, and the nature of their contributions. Workplaces will be called on to offer more flexibility, greater choice, varied workloads and wider options.

The Advisory Panel on the Economic Potential of Senior Australians noted that the development of long-term strategies to attract and retain older workers and develop their skills requires a commitment from all stakeholders - namely, industry and employers, governments and individual employees. In its final report, a number of recommendations were made to, among other things, implement best practice strategies, extend flexible work arrangements, address skill development and training of older workers and amend workers' compensation regimes.

National Seniors Australia strongly supports these recommendations and calls on the Government to provide funding for their implementation as a first step to removing structural barriers. This is particularly important in those sectors where there are skills shortages.

National Seniors Australia recommends that the Government:

- Engage peak employer and industry groups to assist individual employers to develop and implement older worker employment strategies.
- Work with industry to extend flexible work arrangements to people aged 55 and over.
- Task the National Skills Standards Council, and the soon-to-start National Workforce and Productivity Agency, with investigating the mismatch between workers' skills and industry demands, and developing training packages tailored for older workers.
- Commission a review of income and employment support frameworks and programs for people over 50.
- Work with state and territory governments to amend workers' compensation regimes to ensure older workers are not disadvantaged.

(As recommended by the Advisory Panel on the Economic Potential of Senior Australians.)

## About National Seniors Australia

National Seniors Australia is the largest organisation representing Australians aged 50 and over to government and industry in Australia, Over a quarter of a million Australians aged 50 and over have already chosen to join us for the personal benefits we offer and the positive difference we make to the lives of Australians 50 and over.

**We give our members a voice** – we listen and represent our members' views to governments, business and the community on the issues of concern to the over 50s.

**We keep our members informed** – by providing news and information to our members through our Australia-wide branch network, comprehensive website, forums and meetings, bi-monthly lifestyle magazine and weekly e-newsletter.

**We provide a world of opportunity** – we offer members the chance to use their expertise, skills and life experience to make a difference by volunteering and making a difference to the lives of others.

**We support those in need** – as a not-for-profit organisation, we raise funds and redirect monies received to older Australians who are most in need.

**We help our members save** – we offer member rewards with discounts from over 7,000 business across Australia, we offer discount travel and tours designed for the over 50s, and we provide older Australians with affordable, quality insurance to suit their needs.

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