

MEDIA RELEASE

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Budget 2014: Older Australians will be worse off

Older Australians have fared poorly in the 2014 Budget with hits to the age pension, introduction of co-payments for health care, changes to aged care, and the abolition of measures to improve housing affordability.

Ian Yates, CE of leading seniors advocate COTA Australia said despite the Treasurer's apparent public anxiety about the impact of an ageing population, this budget has no real strategy to address it.

"Reducing pensioners living standards is a poor substitute for a comprehensive strategy for an ageing Australia.

"The ageing population comes with both challenges and opportunities and measures in this Budget simply tinker around the edges without putting in place any sustainable measures to plan for the demographic change."

Pensions

Mr Yates said older people will justifiably see the changes to the indexing of the aged pension, to begin in 2017, as a major attack on their quality of life.

"Far from 'improving' the pension system as the Government claims, the changes to the pension indexing arrangements mean pensioners will be \$100 a week worse off in ten years.

"This is a massive cut to the income of older people who simply can't afford to absorb it. As a result we will see many older people slip back below the poverty line.

"It is staggering that the Federal Government has gone further and faster in its changes to pensions that was even recommended by the Commission of Audit."

Mature age employment

Mr Yates said many older workers will welcome measures to provide business with \$10,000 incentives to employ older workers.

"Sadly, the fact is that age discrimination is still a big issue in Australia and any measures which encourage employees to consider employing an older person will benefit society as a whole," Mr Yates said.

"If people will have to keep working until they are 70, a range of measures need to be put in place to make sure there are jobs for them.

"Right now almost 200,000 Australians in their 50s and 60s are languishing on the Newstart allowance and many won't find a job until they are eligible for the age pension. The new "Restart" initiative is predicted to assist only 32,000 of these – a good start but not enough by itself.

"What is missing from the Budget is measures which provide retraining to older workers or address the needs of older people to have more flexible working arrangements as they age. The Government will need to make these a priority long before the pension age rises.

"We note that the full cost of the 'Restart' program is more than paid for by mature age workers losing the Mature Age Worker Tax Offset, with a couple of hundred million left over to go back to Treasury."

Health

Mr Yates said older people are the major users of Australia's health care system, so introducing \$7 co-payments for GP visits, pathology and diagnostics and 80c for medicines will put basic health care out of reach for many seniors, even with the caps that have been put in place.

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“Out of pocket health expenses are already a barrier for older people to visit their doctor or take their medications and these new measures will simply exacerbate the problem.

“This in turn will mean conditions which may have been easily treated in the early stage will worsen and put pressure on the more intensive and expensive end of the health care system – hospital care and surgery.

“As such this initiative is counter-intuitive, is likely to cost the government more over the long term and will lead to poorer health outcomes for many older Australians.

“Older people are in fact being hit with a triple whammy as large users of healthcare and medicines, getting sluggish for visiting a doctor, having a blood test and then filling their prescriptions.”

Aged care

Mr Yates welcomed the fact that the bulk of the current aged care reform package would continue intact, although COTA is concerned about some of the aged care measures in the Budget.

“The biggest concern is the projected cut to the rate of real growth in the Commonwealth Home Support Program, from six per cent a year to 3.5 per cent after 1 July 2018,” Mr Yates said.

“The Government is wrong to link this to the growth in the 65 plus population as most users of community aged care are in their mid-70s or over, whose numbers are increasing at a faster rate.

“This is the front line of aged care and it makes no sense to cut it.

“In addition, the axing of the Aged Care Payroll Tax Supplement will see aged care providers pass on more than \$650 million to consumers over the next four years in higher accommodation charges.

“Giving aged care providers back the \$1.5 billion Aged Care Workforce Supplement over five years will do nothing for development of the aged care workforce however we welcome its redirection to community aged care providers and residential care, and we welcome the 20% increase in the viability supplement for rural and remote providers.

“Older people will also welcome the bringing forward of community aged care packages over the next couple of years which will help address the existing extreme shortage of care for people in their own homes.”

Housing

Mr Yates said he was disappointed about the decision not to continue to National Rental Affordability Scheme or put something in its place given the rise in homelessness of older Australians and real housing cost pressures on many more lower income retirees.

“Older, single women are particularly at risk and abolishing the NRAS is likely to force more older people into homelessness,” Mr Yates said.

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