

Professor Brian Howe AO – notes from seminar at COTA's conference: *Rights, respect, recognition: A new deal for older Australians*, 23 July 2013

Realising the Economic Potential of Senior Australians: Turning Grey into Gold

The then Deputy Prime Minister and Treasurer, the Hon Wayne Swan MP and the then Minister for Mental Health and Ageing, the Hon Mark Butler MP announced the establishment of the Advisory Panel on the Economic Potential of Senior Australians (EPSA) on 30 March 2011.

The objective behind establishing the Panel was to identify and respond to the economic and social opportunities that are presented by an older population.

The Panel was chaired by Mr Everaldo Compton AM. Other members included myself and Professor Gill Lewin.

The Panel produced three reports 2011, culminating in the final report *Realising the economic potential of senior Australians: Turning Grey into Gold*. The Government response to the recommendations contained in this report was released in April 2012.

Further information on the work of this panel, and the recommendations in the final report, can be found on the EPSA website: www.treasury.gov.au/EPSA

Housing

In 1970 the proportion of the population over 65 was 8%; today it is about 14% and by 2050 it will be 23%.

The adequacy, availability and affordability of the housing stock needs to be at the centre of government's policy agenda.

Stable, affordable and suitable housing is important to maintaining health, participating in paid or unpaid work and living the kind of later life that is valued.

Appropriate housing aids active ageing.

The idea of housing careers: People moving more across the life course

The days of people living in the one house across their lives is fading as people make housing choices throughout their lives: for work reasons, to be closer to children, to manage better a disability; to increase opportunities for families (such as through better schooling), or to pursue new interests.

Universal design standards are important and increasingly being applied to new private as well as in social housing. However, the housing industry has been slow

to adapt to demographic changes in the population and the demand for suitable housing for an older population is only going to increase.

Most of our housing stock is in the form of three or four bedroom houses, based on the assumption of younger families with two or three children, whereas about 50% of households today have no more than two people living in them, with around a quarter of all households having only one person occupying them. This trend toward single person housing is largely driven by the ageing of the population.

This is despite the obvious need to diversify housing stock making it possible for people as they age to remain in well-known and liked neighbourhoods.

Building and planning regulations seem designed to prevent rather than facilitate necessary changes. These regulations are far too prescriptive.

It is very important that older people are made to feel included/not excluded and this makes accessible housing a very high priority.

The image of older people is gradually changing

The image of older people needs to change in ways that emphasize positive contribution rather than increasing dependency. Australians' generally high living standards and our access to first-class health care based on universal health insurance is resulting in more and more people leading very healthy and useful lives well into middle age. The opportunities that come with healthy living are of course enormous, but they have to be planned for (and anticipated by) through facilitating policies.

As people begin to change work statuses, rather than feeling trapped, they need to be helped and/or enabled to seize new opportunities. Discrimination and ageism is an issue, with employers often either letting older workers go or not hiring older workers.

The rate of technological change is incredible, and employers often hire younger workers rather than bring older workers up to speed. However, some employers have been successful in using older employees.

Housing is very important if these employment opportunities are to be taken up.

In the past housing for older people (sometimes in retirement communities) has been placed on the periphery of cities and suburbs, rather than locating them in central areas based on the assumption that people will want to be active and to be involved in their communities. Such involvement can include paid work or voluntary work, involvement in leisure activities or in ongoing learning programmes, phasing out of old careers, building new interests and even beginning cameo careers.

Just as locational issues are considered when it comes to young families (such as where the good schools are located) so with older people building better

communities is all about maintaining connectedness to family, friends, as well as to those interests and passions that keep us going and feeling useful.

Housing policy in Australia has always given the highest priority to private markets and especially to home ownership.

Much of our country's wealth is held in private homes – indeed, the high rate of home ownership is one of the reasons why Australia is regarded as an egalitarian society. Older people on reaching retirement owned their home outright or had little debt. On the other hand, we have one of the smallest public housing sectors in the developed world with only around 5% of the overall housing stock providing dedicated housing for low-income people. People renting privately receive much lower subsidies than people living in public sector rental housing.

Increasing numbers of older Australians are living in rental housing increasingly in the private sector and will be paying too much of their income on rents.

Why is this so?

The changing patterns of employment mean jobs for life are less likely and many people will find themselves unemployed or underemployed before they reach retirement age.

Just as jobs used to be forever, so too marriages/partnerships are often time limited.

The pattern of saving has also changed with the onset of compulsory superannuation.

Women are no longer the dependent spouses they once were and may find themselves long-term in the rental market.

Older people are often renters not owners, and this is likely to be the case even more often in the future.

In other countries part of long-term housing security will be found in various forms of social or public housing but Australia has one of the smallest percentages of such housing in the OECD (around 5% of the housing stock).

Unlike many other countries (UK, Netherlands) the philanthropic sector has taken little interest in housing low-income people so that in the private housing market most rental stock is owned by 'mum and dad' investors who are mostly more interested in maintaining the value of their investment than providing a high quality service for their tenants.

What is to be done especially for older Australians?

The EPSA Panel made several recommendations in relation to housing.

Firstly, that there be a federal housing minister with a seat at the cabinet table.

Secondly, that the cooperation of the three spheres of government be sought, to improve the efficiency in the use of existing housing stock by removing taxes such as stamp duty and asking governments to impose a more neutral tax such as a universal land tax, and to remove regulatory impediments in building and planning regulations that work against redesigning the existing urban form.

Thirdly, that the supply of rental housing be increased, via the National Rental Affordable Housing scheme that provides subsidies to the private sector to build affordable housing for low-income people.

Fourthly, that the issue of affordable housing for older Australians be placed on the COAG agenda as an issue of urgent importance in view of the impending rapid shift in the composition of the Australian population, with the National Housing Supply Council to monitor this work.

Most importantly we have argued that while most older people want to live close to family and friends, in communities they know well, this often means being tied to housing which is increasingly inappropriate, in smaller and single-person households typical of the aged. However, moving to more appropriate housing is often difficult because of the costs of moving and the possible impacts on pensions and health benefit cards.

What has the government done?

In the 2013-14 Budget the government announced that it would provide \$112.4 million for a trial to assist older people to downsize to a home more suitable to their needs without reducing their age pension. In particular, Australian home owners of age pension age who have owned their home for at least 25 years, and choose to downsize will have the option to invest at least 80 per cent of the surplus funds remaining (up to \$200,000) in a special account. These funds would not be counted under the pension means test for ten years.

In addition, the government announced in May of this year that under the NRAS program a further one billion dollars over ten years would deliver an additional 10,000 rental properties/home under that scheme by 2015-16. This is part of a commitment to build 50,000 homes by June 30, 2016. NRAS homes must be rented to eligible tenants at a rate at least 20 per cent below the market value in rent and comply with all the conditions covering allocation in order to receive the NRAS incentive annually. For the latest round, the assessment criteria provides for an additional weighting where universal design principles, which help support independent living for tenants with disabilities and older Australians, are satisfied.