COTA
For older Australians

COTA AUSTRALIA **POLICY ALERT**

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Federal Budget 2022 - An Election Budget?

Many of the headline measures in this Budget have focussed on emergency response and addressing short term issues. While the issues are real these measures can also be seen in the context of a looming Federal election. It is understandable that the Budget 'spin' focused on current short term crises (e.g. COVID, floods, cost of living pressures) it is important and welcome that long term reform measures are also outlined in Budget papers.

Short term measures designed to assist with issues like the pressure of the increasing cost of living need to be balanced with longer term measures to improve the lives of older people and Australians generally. Examples of the latter that are in the Budget are the continued commitment and additional funding for the Aged Care Reform Package, and the additional $633 million for the 10-Year Primary Health Care Plan.

As usual COTA is pleased by a number of both the short term and longer term measures, but disappointed that some other measures we strongly recommended as essential to older people's welfare were not included.

RETIREMENT INCOMES

Superannuation Minimum Drawdown

Each year, the Australian Government requires superannuation account holders receiving an income stream to withdraw at least the minimum pension payment from their super, as part of their annual income stream. This is known as the minimum pension drawdown. The minimum amount you must drawdown from your account-based or self-managed (SMSF) super depends on how old you are. It is a set percentage rate of your balance, based on the age of the account holder, and normally ranges between 4 percent under 65, to 14 percent in your 90s.

In this Budget, the Government has extended the current 50 percent reduction on the superannuation minimum drawdown for account-based pensions for a further year to 30 June 2033. The measure is costed at $52.8 million.

The measure was originally designed to allow superannuation fund members who were in a position to do so, to preserve more of their accumulated funds when market conditions had already reduced that balance. It meant that more funds could be retained and rebuilt when market conditions improved. It does tend to benefit those with large account balances who don't need to drawdown their balances by as much to meet their needs, or those that have sources of income other than superannuation and thus do not need to drawdown their superannuation.

However as the Retirement Income Review has clearly pointed out, the minimum drawdown policy creates some issues for retirement income policy, which should be designed to generate optimum income in retirement. In the absence of better guidance too many retirees use the drawdown rate as a recommendation, rather than a minimum. The newly legislated Retirement Income Covenant requirements will help address this, but the role of the drawdown also needs to be reviewed.

Responses to COTA Australia Priorities from our Budget Submission

Although this decision had been announced in advance, we were disappointed not to see the Superannuation Guarantee extended to paid parental leave, missing an opportunity to redress, even to a small degree, the disadvantage women experience in retirement savings.

There has been no commitment to a well-structured consultation process with stakeholders and members of the community about the outcomes of the Retirement Incomes Review and the policy and initiatives to achieve the objective of the retirement income system. We will continue to pursue this an the election context.

INCOME SUPPORT MEASURES

Cost of Living Payment

Existing recipients of government support programs, including the Age Pension, are eligible for a one-off $250 payment that will be paid automatically in April. This is to compensate for the significant increase in the cost of living due to the petrol price increase and flow on impacts, and supply issues due to COVID, floods and the war in Ukraine.

The payment will be exempt from taxation and will not count as income support for the purposes of any income-support payment. The payment is welcome as pension indexation is retrospective and for full pensioners the pain is now.

Low and Middle Income Tax Offset (LMITO)

The government has decided to not extend the LMITO which will now end on 30 June 2022. However, it has chosen to increase the payment for every recipient by $420 for this last year of operation.

LMITO results in annual tax cuts worth between $255 and $1,080 depending on taxable income to people earning less than $126,001 per year. LMITO was always meant as a short term measure. Discontinuing the LMITO will contribute to the build-up of significant pressures on people on lower incomes after it finishes.

Fuel Excise

The Government has cut fuel excise from 44.2 cents per litre to 22.1 cents per litre for six months, ending on 28 September 2022. This excise cut does not apply to aviation fuels.

The cut is welcome - it is estimated that this will amount to about $250 for the average motorist over the six month period. However it will also have a downward impact on price rises caused by higher fuel prices in the supply chain.

Responses to COTA Australia Priorities from our Budget Submission

This Budget has no commitment to investigate alternative rental assistance models or to increase the rate of Commonwealth Rent Assistance (CRA) as an interim measure, an issue for many, but disproportionally impacting pensioners in private rental.

We have seen no movement to remove the Liquid Assets Waiting Period (LAWP) for all unemployed people, or at least those over 50, as the LAWP disproportionately impacts older job seekers.

The Government has not committed to trial alternatives or supplements to the Restart wage subsidy program, to increase mature age employment participation and reduce the numbers of long term unemployed. Restart wage subsidies are designed to encourage employers to hire mature age job seekers in sustainable jobs by contributing to the initial and ongoing costs of recruitment, including training and wages.

Disappointingly, the Government has not yet undertaken to provide formal legal advice by the Australian Solicitor General around the ability for job advertisements to identify a preference for mature-age workers. Similarly, there is no commitment to establish a roundtable to discuss technical solutions for matching employers and employees using government and other online job boards.

Progressing the aged care reform agenda is a key strategic priority for older Australians. We want to see the agenda established by the Royal Commission and last year's Federal Government Budget response package continue to progress.

A Missed Opportunity

The obvious tightening of the labour market could have been an opportunity for Government to expand the pension work bonus by increasing the number of hours aged pensioners can work before income testing takes effect. We see this as a missed opportunity for government to test the appetite for recently retired pensioners to re-enter the workforce, or current older workers to stay workforce engaged on a part-time basis.

AGED CARE

Aged Care Reform

Progressing the aged care reform agenda is a key strategic priority for older Australians. We want to see the agenda established by the Royal Commission and last year's Federal Government Budget response package continue to progress. Delay in reform only benefits those aged care providers who are stuck in the past or not up to the job and older people want reform as fast as possible.

The 2022-23 Budget allocates $468.3 million over 5 years from 2021-22 to further implement the Government's response to the Royal Commission into Aged Care Quality and Safety. This builds on the investment and commitments in last year's Budget and MYEFO.

Funding for aged care reform in this budget is largely directed towards residential aged care quality and safety.

Residential Aged Care Quality and Safety

$345.7 million over 4 years from 2022-23 to improve the administration of medication management for residential aged care residents through on-site pharmacists and community pharmacy services. This responds to a recommendation by the Royal Commission into Aged Care Quality and Safety.

$22.1 million over 3 years from 2022-23 to establish a fund and invite states and territories to put forward proposals to trial new models of multidisciplinary outreach care for residents in residential aged care facilities. Will deliver trials to:

- share costs with states and territories for providing more comprehensive health care, through multidisciplinary care teams, to people in residential aged care
- provide hospital-led access to specialists and other health practitioners, such as allied health professionals, pharmacists, geriatricians, and palliative care specialists
- facilitate an evaluation of trials to inform pricing and delivery of these services nationally in the long term.

$18.3 million over 2 years from 2021-22 to extend arrangements for the third-party Quality Assessor surge workforce to conduct residential aged care site audits. This assists the regulator to maintain experienced external auditors to ensure services comply with the Aged Care Quality Standards.

Aged Care Workforce

$32.8 million over 4 years from 2022-23 (and $2.8 million per year ongoing) to provide additional clinical placements for students in the care and support sectors and to expand the Rural Health Multidisciplinary Training program to 5 new aged care demonstration sites.

$10.8 million in 2022-23 for the Cross-Agency Taskforce on Regulatory Alignment to implement the next stage of regulatory reforms across the aged, disability and veterans' care sectors. Alignment is aimed at improving the quality and safety of care and support services, reduce duplication of obligations, and enable providers and workers to operate more seamlessly across the sector. A roadmap for regulatory alignment will be developed through detailed analysis and further

consultation, with early activities to include:

- improved information sharing between regulators
- opportunities for streamlined reporting processes, and
- developing options for alignment of standards and auditing or assessment.

$6.9 million over 3 years from 2022-23 to support co-operatives and other collaborative business models access the aged, disability and veterans' care sectors. The Business Council of Cooperatives and Mutuals will be funded to support the start-up and development of cooperative and mutual enterprises and deliver business resources and professional support. The CME Support Program will support aged care, and the broader care and support sector to:

- develop sustainable and coordinated approaches in growing a skilled workforce using a model which is likely to attract new workers to the care sector
- support the start-up of six to seven CMEs that will deliver care services in areas of need, and
- deliver up to six additional projects to help grow existing CMEs.

On the surface this measure has the capacity to deliver innovative models to address workforce and service delivery issues particularly in rural and remote areas.

New Funding Model for Residential Aged Care

$20.1 million over 3 years from 2022-23 to complete implementation of the Australian National Aged Care Classification (AN-ACC) and support the transition of facilities to the new funding model over a 2-year period.

The new Australian National Aged Care Classification (AN-ACC) funding model for residential aged care is scheduled to begin from 1 October 2022. The AN-ACC funding model starting price is $216.80. At this starting price, average resident AN-ACC funding is expected to be approximately $225 per day. This is a significant uplift from the current ACFI rate of $188.60.

This is an important measure to replace the ACFI funding instrument which has proven to no longer be fit for purpose. However COTA still has concerns about whether AN-ACC will deliver fully for older people, rather than for providers.

System Governance

$6.1 million in 2022-23 to extend the aged care system regional stewardship outreach model for a further 6 months to 31 December 2022 to strengthen governance of the aged care system. Department of Health aged care staff located in state and territory offices, across eight Primary Health Network (PHN) regions, are engaging with local providers and stakeholders to ensure local issues and needs are considered in national plans and support implementation of the aged care reforms at a local level.

New Support at Home Program (Home Care)

$5.4 million in 2022-23 to continue consultation on the design of the wider aged care reforms, including a new regulatory framework for the Support at Home Program.

The framework will provide effective regulatory guidance, underpinning development of the new Support at Home program and the updated Aged Care Act.

The current home care arrangements, with several different programs and two different assessment services is confusing, often inconsistent and inefficient. This is an important measure to progress the work being done to resolve the concerns of older Australians and deliver on the recommendations of the Royal Commission.

COVID-19 RESPONSE PACKAGE – AGEING AND AGED CARE

The COVID-19 pandemic continues to impact across the community. Particularly impacted are older Australians in residential aged care. The 2022-23 Budget allocates $458.1 million over 5 years from 2021-22 to an Aged Care COVID-19 Response package. This includes:

- $215.3 million over 2 years from 2021-22 to provide bonuses of up to $800 to aged care workers in residential aged care and home care. This includes two $400 bonus instalments and is based on the most hours worked within a defined four-week period.
- $124.9 million in 2022-23 to extend and expand funding for the Aged Care Preparedness program that supports aged care providers to manage and prevent outbreaks of COVID-19. This includes facilities impacted by the floods and supports the 'ready to deploy' surge workforce.
- $50.4 million over 4 years from 2022-23 to improve the capability and capacity of the residential aged care workforce to deliver vaccination services to residents and staff. This involves training places for Registered Nurses (RNs) in residential aged care facilities to become Authorised Nurse Immunisers (ANIs).
- $37.6 million over 2 years from 2022-23 to establish grants for Infection Prevention and Control training for qualified nurses in residential aged care facilities.
- $22.1 million in 2022-23 to extend in-reach screening for COVID-19 in residential aged care facilities using Polymerase Chain Reaction technology for a further 3 months to 30 September 2022.
- $7.9 million in 2022-23 to extend and expand the commissioned home visits initiative for COVID-19 positive patients in residential aged care facilities for a further 3 months to 30 September 2022. This will be provided Primary Health Networks (PHNs) to deploy medical deputies, nurse practitioners and practice nurses to conduct home visits to COVID-19 positive patients in residential aged care facilities.

Older people, their family/friend carers and the Australian community deserve to know, when the Government is spending on average $225 per day to deliver 200 minutes of care, that their aged care provider is delivering that care.

Responses to COTA Australia Priorities from our Budget Submission

We are pleased that with this Budget the Government reaffirms its commitment to the aged care reform process based on the recommendations of the Royal Commission into Aged Care Quality and Safety.

Our expectation is that the incoming government will continue to invest in a transparent aged care reform agenda. Integral to reform is the passing of a new Aged Care Act. This must be a high priority task of government after the election, noting that the current government has obtained agreement for the Department and sector to continue to work on the Act during the election 'caretaker' period.

More transparency is needed regarding the new funding for residential aged care. Older people and the community need information that demonstrates the funding is being spent as it is intended.

Older people, their family/friend carers and the Australian community deserve to know, when the Government is spending on average $225 per day to deliver 200 minutes of care, that their aged care provider is delivering that care.

We call on the Government to commit to publishing this information in detail for every nursing home across the country as part of their star rating system.

We are disappointed that this Budget did not include a response to the Royal Commission recommendation for a Senior Dental program. Poor oral and dental health is a critical health and wellbeing issue. Addressing the oral and dental health of older people acts as a preventive health measure which lessens broader health system pressures. Funding for oral and dental health for older people is long, long overdue.

HEALTH

The COVID -19 response package

The package contains a diverse range of measures, which are well targeted to strengthen the readiness and efficiency of the primary care response. The package presents a solid assurance to all members of the community that the nation has the vaccines, medicines, treatments and equipment to continue to offer protection from the worst impacts of COVID-19. This builds the confidence of older people that the nation is well prepared to meet the ongoing demands of COVID-19, as well as future pandemics.

The budget will also pave the way for Moderna to establish an mRNA manufacturing facility in Victoria.

Primary Health Care

The Budget sees the official release of the 10-Year Primary Health Care Plan (PHCP) with $632.8 million in additional funding. Much of the funding will be directed to strengthening initiatives already underway. This strategy is very welcome.

The Budget will see telehealth become a permanent feature of Australia's health system, particularly within primary care settings. In addition, through the Primary Health Networks there will be a strengthened focus on providing enhanced access to after-hours health care services. This will enable people needing care outside normal business hours a choice other than attending hospital emergency departments.

The Australian Digital Health Agency will receive funding to build links between myGP system and MyHealthRecord. This will further complement the primary care's support for voluntary patient enrolment.

As part of PHCP's funding, $29.6 million will be directed to measures to facilitate better health outcomes for

older people, particularly residents of nursing homes. The Multidisciplinary Outreach Service trials are allocated $22.1 million. These aim to provide aged care residents with more comprehensive health care with hospital-led access to specialists, allied health professionals, geriatricians and palliative care specialists.

The budget also includes funding of $7.5 million over 3 years to implement a palliative care patient navigator and care coordinator pilot. The pilot aims to strengthen access to palliative care and end-of-life care service pathways. They will also make a solid contribution to a much-improved understanding of the palliative health care system and available services. We will be keen to see how this measure intersects with the Community Care Finders measure to improve engagement with vulnerable older Australians navigating aged care.

Mental Health and Suicide Prevention

The overall expenditure in mental health and suicide prevention will grow to $3 billion and will support the Federal Government's continued rollout of the National Mental Health Plan in collaboration with state and territory governments. We welcome this investment especially given the Plan's clear preference for community- based, multidisciplinary prevention and early intervention approaches.

We support the Government's positive response to the need for additional mental health services for young people and people affected by natural disasters, some of whom are older people. Similarly, we applaud the additional investment in a range of initiatives targeted to Australia's First Nation Peoples and people from Culturally Linguistic and Diverse backgrounds. Having access to quality evidence-based services will facilitate enhanced social and emotional wellbeing outcomes for these population groups and help address current health inequities.

However, we are disappointed that the current Budget, akin to previous budgets, does not contain specific measures targeting enhanced psychosocial health and wellbeing outcomes for older population groups dealing with mental health issues. We believe older people psychosocial health and wellbeing needs should receive a similar focus to those of younger population groups.

Rural Health

COTA Australia welcomes the increased investment of $296.5 million in the 10-Year Stronger Rural Strategy aimed at improving access to health services for people living in rural Australia.

Importantly, this Budget will provide people living in non-metropolitan and large regional localities from November 2022 with access to Medicare funded MRI services. This will help ease out of pock costs and greatly reduce the need to travel for diagnostic scans.

There is also a robust investment in training, recruiting and retaining across Australia a rural health workforce inclusive of doctors, nurses and allied health professionals. COTA Australia fully embraces these budget measures as they will better support older people living in rural Australia to access the health services they need in their local communities rather than having to travel.

COTA Australia is pleased to see a significant investment in aeromedical services. This includes a new 10-year agreement with the Royal Flying Doctor Services.

Medical Research

COTA Australia is particularly pleased with the additional investment of $6.8 billion over four years in medical research. This investment lays a strong foundation for transforming the nation's health system. Significantly, the Medical Research Future Fund 10 Year Investment Plan has signalled dementia has an important area of study.

Responses to COTA Australia Priorities from our Budget Submission and Missed Opportunities

Although pleased that the Federal Government's health care measures will contribute to many population groups experiencing better health and wellbeing outcomes, older Australians would welcome a budget that paves the way for an inclusive reform of the health system. Accessing needed health services is becoming an overwhelming challenge for many Australians, including many older people. High out of pocket costs and timely availability of required specialist services are key reasons. This is undoubtingly the case for people on low fixed incomes and/or those needing care and support from a range of medical and health services.

More support is needed to deliver services that meet the needs of and are appropriate for people as they age. Many older Australians say that whilst most health services they receive are of a reasonable standard they often encounter health professionals who lack the gerontological training and understanding of the specific needs of older people in relation to health. This is a cultural and training gap that needs to be addressed.

Whilst the Government's commitment to supporting the Federation Funding Agreement on Public Dental Services for Adults to June 2023 is welcome, we have been advocating a much more comprehensive approach to oral health. The exclusion of dental from Medicare is an oversight that must be addressed before long. However, in the short term, government has missed the opportunity to improve the health and well-being of some of our most vulnerable older Australians through a Senior Dental Benefits Scheme, as recommended by the Aged Care Royal Commission and COTA.

HOUSING

The Government will increase the number of guarantees under the Home Guarantee Scheme to 50,000 per year for 3 years from 2022-23 and then 35,000 a year ongoing to support homebuyers to purchase a home with a lower deposit. This is mostly for first home buyers.

The Government will also increase the Government guaranteed liability cap of the National Housing and Finance Investment Corporation (NHFIC) by $2.0 billion to $5.5 billion to enable NHFIC to support increased loans through the Affordable Housing Aggregator, which increases support for affordable housing.

The Affordable Housing Bond Aggregator (AHBA) provides low cost, long-term loans to registered community housing providers (CHPs) to support the provision of more social and affordable housing. NHFIC funds AHBA loans by issuing its own bonds into the wholesale capital market. The AHBA uses a 'pass-through' model to provide greater funding certainty and lower finance costs to CHPs.

A growing number of older people, particularly older women, face housing insecurity in the private rental market leading to homelessness or risk of homelessness.

This assists them to expand their operations and the supply of social and affordable housing. This can be used for:

Acquiring new housing stock

- Constructing new housing stock.
- Maintaining existing housing stock.
- Assisting with working capital requirements and/or general corporate requirements.
- Refinancing existing debts.

Responses to COTA Australia Priorities from our Budget Submission

Whilst the increased guaranteed for the NHFIC is welcomed, it is disappointing there was not a commitment to direct investment in social and affordable rental housing in this Budget.

A growing number of older people, particularly older women, face housing insecurity in the private rental market leading to homelessness or risk of homelessness.

This budget makes an important contribution to reducing current cost of living costs for pensioners. However, there is no demand side measure to assist older renters. We have been advocating for government to investigate alternative rental assistance models and to provide an increase in the level of Commonwealth Rent Assistance (CRA) to reduce housing insecurity for vulnerable older renters.

COTA
For older Australians

COTA Australia

Council on the Ageing (COTA) Australia is the national peak body for older Australians, which through policy development, advocacy and representation seeks to achieve an equitable, just and inclusive society for Australia's more than eight million older Australians.

COTAs have been identifying the needs of, and issues affecting, the welfare of older Australians since the first COTA was formed in 1951.

COTA's non-partisan advocacy, on issues identified in collaboration with older people, has advanced the national agenda for older people's wellbeing for over seven decades.

We are represented on around sixty national government, business and civil society advisory and policy development bodies. We meet regularly with Federal Ministers, Shadow Ministers, senior public servants and politicians, as well as being the leading media spokesperson for the rights and interests of older Australians.

COTA Australia is the leading voice for the rights and interests of older Australians.

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