COTA
For older Australians

2026/27 Federal Budget

POLICY ALERT

MAY 2026

WWW.COTA.ORG.AU

Introduction

The 2026-27 Federal Budget delivers mixed outcomes for older Australians. There was relief provided with the $250 working age tax offset and relief at the petrol pump. Overall, though, this budget offers limited direct relief for many older Australians already under financial pressure and facing rising everyday living costs.

COTA Australia's State of the Older Nation 2025 found that one in four Australians over 50 are living in poverty, while only 28 per cent are wealthy. The stereotype of older Australians as a uniformly wealthy group does not reflect the reality that millions of people aged over 50 are managing tight budgets, rising costs, and limited lifestyle options.

In stark contrast to the public commentary pitting generations against each other in the lead up, the Treasurer framed this budget as the Government taking responsibility for the challenges facing future generations. This was good to see as it formally shifted the rhetoric that older people were somehow responsible for the housing issues being experienced by younger people.

The Government had a clear focus on housing affordability and introduced long term and structural housing supply measures. This included adjusting taxation settings and we have outlined these later in this alert, but it was pleasing to see that at least there is grandfathering on some of the changes. People of every age are experiencing housing stress but the specific housing issues facing older Australians were not featured in the Governments measures.

This budget's aged care investments are welcomed. The decision to reclassify and fully fund personal care, including showering, dressing and continence support as clinical care in the Support at Home program, from 1 October 2026 is an important adjustment to the reforms. Older Australians will pay no out of pocket costs towards these services. This is a direct response to COTA's Australia's advocacy. There are a variety of other positive aged care initiatives which are outlined further later in this alert. However, around 200,000 older Australians are still waiting for a Support at Home package, on average for up to a year. The Budget recommitted to 32,000 new packages which had been promised previously. This is welcome but more packages are needed given the unacceptable wait times older people are enduring.

Funding for some of these changes are coming from changes to the private health insurance rebate for older Australians. Removal of the additional age-related rebate amounts will have a negative impact for individuals and for the health system overall.

COTA Australia has been advocating on the short-sighted nature of the reform and is talking to politicians, the Department and other stakeholders about this issue. We have heard from many of you about this and will continue our advocacy.

While there were useful measures across all Government portfolios that will support older people there is no clear approach to supporting an ageing Australia. Intergenerational equity is important but should be focussed on people of all generations. The real divide is not between generations, but within generations, between those doing well and those being left behind. If the Government is serious about addressing intergenerational equity it needs a long-term plan for ageing in Australia. A 10-year whole-of-government ageing action plan would help ensure Australians of every generation can age with security, dignity and opportunity.

This policy alert steps through the 2026-27 budget measures most relevant for people aged 50 years and over highlighting what they mean and outline where we will continue to advocate for improvements. It is presented under COTA's five Strategic Plan priority areas: economic security, quality aged care, equitable health outcomes, digital inclusion, and age-positivity and human rights.

Economic Security

The 2026-27 Budget's economic security measures are modest but provided little direct relief for pensioners and others on low income facing some of the highest cost of living pressures.

The new $250 Working Australians Tax Offset is available from the 2027-28 income year to anyone earning income from work. Around 4.6 million people over 50 who are still in paid employment will benefit. That is welcome. It is disappointing that there is no similar offset for age pensioners or other retirees. Government will continue to index the pension.

Taxation changes: - capital gains tax, negative gearing, discretionary trusts

Government announced changes to CGT, negative gearing and the tax paid on distributions from discretionary trusts.

Some of the changes are affected by the type of asset class you invest in and the time you purchased the asset. The following table summarise the key changes.

When purchased ISSUE:	Purchased / owned before Budget night (7:30pm AEST 12 May 2026)	Purchased after Budget night but before 1 July 2027	Purchased from 1 July 2027
CAPITAL GAINS TAX **Main residence (family home)**	No change. Remains 100% exempt.	No change.	No change.
50% CGT discount vs inflation adjusted method	Partial grandfathering 50% discount applies to value of property as at 30 June 2027. Inflation adjusted method applies to new gains from 1 July 2027	50% discount applies to value of property as at 30 June 2027. Inflation adjusted method applies to new gains from 1 July 2027	All future gains from 1 July 2027 will use the inflation adjusted method. New builds housing will retain option of choosing to use 50% discount model.
Transition from CGT discount to inflation adjusted	Split treatment: • gains accrued before 1 July 2027 retain old rules; • gains after 1 July 2027 use new inflation adjusted method. *NB: If no independent valuation is obtained to prove value on 1 July 2027, the gain when sold will be split based on the time the asset was held before and after the rule change.*	Same split treatment applies: Pre-1 July 2027 gain uses old system; post-1 July 2027 gain uses new system.	Entire gain taxed under indexed cost-base method.
30% minimum tax on capital gains	Split treatment	Same split treatment. Only post-1 July 2027 gains subject to minimum 30% tax.	Entire gain subject to 30% minimum tax regime. Pensioners exempt

	Does not apply to gains accrued before 1 July 2027. Applies only to post-1 July 2027 component of gain. Pensioners Exempt: A person who receives $1 of income support in the year they sell the asset is exempt	Pensioners exempt	
Existing shares / ETFs / managed funds	Transitional CGT split applies exactly like property. Historic 50% discounted gain method used.	Same transitional treatment as property.	Entire future gain under indexation + 30% minimum system.
Superannuation (incl SMSFs)	The announced reforms do not apply to superannuation (including SMSFs). Existing super CGT rules continue unchanged.	The announced reforms do not apply to superannuation (including SMSFs). Existing super CGT rules continue unchanged.	The announced reforms do not apply to superannuation (including SMSFs). Existing super CGT rules continue unchanged.
NEGATIVE GEARING **established residential property**	Fully grandfathered. Can continue offsetting losses against wages and other income until property sold.	Transitional period. Can negatively gear until 30 June 2027 only. After that, losses quarantined to residential property income/gains.	Cannot negatively gear against salary/wages. Losses only offset future residential rental income or residential capital gains.
New builds	Fully grandfathered.	Still eligible for full negative gearing concessions.	Still eligible for full negative gearing concessions against salary/wages.

DISCRETIONARY TRUSTS **30% minimum tax on distributions**	Applies from 1 July 2028	Applies from 1 July 2028	Applies from 1 July 2028

Assets owned before 20 September 1985 will no longer remain entirely outside the CGT system. The Government plans to "reset" these assets to their market value on 1 July 2027. This means any increase in value up to 1 July 2027 would remain permanently tax-free. However, any increase in value after that date could become taxable when the asset is eventually sold, unless an exemption applies (such as for some income support recipients, including pensioners). Any post 1 July 2027 gains would generally be taxed under the new inflation-adjusted CGT system and would also be subject to the new 30% minimum tax on capital gains.

From 1 July 2027, when a person sells an asset, they have owned for more than a year, for example, an investment property, shares or other investments, they will pay a minimum of 30 cents in the dollar in tax on the profit. Currently, most people only pay tax on half the profit, which means the effective rate can be much lower depending on their income. At the same time, for any established investment property purchased after 12 May 2026 (including contracts signed but not yet settled), property losses from 1 July 2027 will no longer be able to be used to reduce other taxable income. This is called negative gearing. It can still be applied to newly built properties, and anything already owned or contracted to buy before 12 May 2026 is not affected.

For those receiving the Age Pension or another income support payment, the new minimum 30% tax on capital gains does not apply. That protection is real and important. Properties already owned are also protected on gains that built up before 1 July 2027.

COTA Australia is concerned for self-funded retirees on modest incomes who do not receive the pension who will pay more under the minimum rate than they would now. This is a significant and unexpected change for people who carefully planned their retirement around the existing rules. We will continue to raise the impact of these changes on self-funded retirees on lower incomes with Treasury.

COTA Australia is pleased to see the protection for pensioners and the grandfathering of existing investments.

Securing the economic security for older women

The Women's Budget Statement, published alongside the budget for the fifth time, acknowledges that economic inequality deepens across women's lifetimes. The gender pay gap peaks at nearly 30 per cent for women aged 40 to 54, and women aged 55 and over continue to experience worsening retirement outcomes driven by interrupted careers, unpaid care work and lower superannuation balances. We welcome that acknowledgement. But acknowledgement is not action.

The budget measures designed to improve women's economic security, including the Working Australians Tax Offset, superannuation on Paid Parental Leave and banning non-compete clauses will make a real difference for younger women and women in mid-career. For older women who have left paid work, are managing on fixed incomes or are counting every dollar this budget offers little.

This budget included no targeted measures for older women at risk of homelessness, despite older women remaining the fastest growing group facing that risk in Australia.

Changes to the pension supplement for overseas travel

The Pension Supplement has two parts: the basic amount ($30.10 per fortnight for singles, $24.80 each for couples) and a remaining amount (around $56.40 per fortnight for singles, $40.40 each for couples). Currently both parts are paid for up to six weeks overseas, after which only the basic amount continues.

From 20 September 2026 the rules change. If you travel for up to twelve weeks, you will receive both parts of the supplement for the full twelve weeks, an improvement that will benefit around 68,000 pensioners who travel for between six and twelve weeks each year.

If you travel for more than twelve weeks, or if you live permanently overseas, the picture is different. The basic supplement will stop entirely after twelve weeks for long-stay travellers, and from the date of departure for anyone moving overseas permanently. For a single pensioner living overseas, this means around $783 less per year. For a couple, around $1,290 less. The Government's reasoning is that the supplement was designed to help with costs that exist in Australia, particularly the GST, and that people overseas are less exposed to those costs.

Around 88,000 pensioners already living overseas permanently will lose this payment from 20 September 2026. A further 3,000 people a year who move overseas in future will lose access to the supplement from the day they leave. Many of these older Australians are people who migrated to Australia and return to their country of origin in later life, often for family support or lower costs that allow them to live more securely than they could in Australia. We are concerned the disproportionate impact this policy may have on older Australians from diverse backgrounds, and we will be watching the implementation of this change closely.

Housing

People of every age are experiencing housing stress, and older Australians are no exception. A fair housing system should provide security for Australians at every stage of life, including those on fixed incomes who have the fewest options when rents rise or leases end.

The housing supply measures in this budget are long-term and structural. They do not address the acute rental stress that older Australians on fixed incomes are experiencing right now.

Quality Aged Care

There are a range of initiatives in aged care that will improve services however, there is still much work to do to ensure quality aged care is available for all who need it.

Support at Home: personal care funding

From 1 October 2026, showering, dressing and continence support will be fully funded by the government for all Support at Home recipients. Older Australians will pay no out of pocket costs towards these services. This is a direct response to COTA' Australia's advocacy.

The investment behind this change is substantial: $1 billion over four years, with $336.8 million per year ongoing from 2030-31. COTA Australia has argued from the beginning that personal care should be classified as clinical care and not require a co-payment. We are pleased to see the Government has listened to you and to us and corrected this.

Support at Home: waiting times

Around 32,000 new Support at Home packages will come online in 2026/27. These packages were promised by Government in its September 2024 announcement on the new Aged Care Act. This year's budget provides some additional money to bring forward some of those packages earlier in the financial year than originally planned.

Waiting times for Support at Home remain at unacceptably high levels. While official waitlist numbers were unavailable to us on budget night, previous reports showed around 200,000 older Australians were waiting for Support at Home. A new wait times report was published late on budget day and revealed the average wait time is around 12 months, with many waiting longer. The Government has committed to ensuring no one waits more than 90 days by 1 November 2027. COTA Australia's position is clear: no older person should wait more than 30 days from application to receiving support. Ninety days will clearly be an improvement but is still not good enough, and November 2027 is a long way away for someone who needs help now.

Given the numbers of people waiting and the length of time they are waiting more packages are needed than those that have already been promised.

Reviewing the Assessment process, digitising hardship and longer end of life support

The budget also announced refinements to the assessment process and hardship applications. And extended the length of time people can receive support through the end-of-life pathway. These are all welcome initiatives.

Residential aged care: more beds

The budget invests $606.5 million over four years to increase the supply of residential aged care beds, with a further $3 billion provisioned from 2030-31 – 2035-36 to respond to the Residential Aged Care Accommodation Pricing Review. Funding will support newly constructed homes and significantly expanded facilities. This responds to projections of growing unmet demand as Australia's population ages.

Government has partially responded to the Accommodation Supplement Review with an allocation of $1.1 billion in the Contingency Reserve for further residential aged care funding. In the budget Government it confirmed that:

- New homes will receive a new payment of $30 per supported resident per day.
- Existing homes that undergo a significant expansion – increasing the number of beds by 40% or more – will receive an extra $15 per supported resident per day.
- Homes that have more than 60% supported residents will get an additional top-up payment from 2028.

We remain concerned that the current and proposed systems will not have a mandatory minimum (floor) number of low means residents that every provider must provide accommodation for. The government is consulting on options to further respond to the Accommodation Review including redesigning how the price of a room is presented to a daily amount, government making available interest free or low-interest loans scheme, and increased accommodation pricing flexibility for higher means residents to increase the number of beds. COTA will constructively engage in this conversation to ensure that older people of low means who can't pay a RAD are still able to easily secure a bed in the future by ensuring that Government rules and incentives are right.

Dementia Care

The budget also expands dementia care, including:

- expanding the Hospital to Aged Care Dementia Support program from 11 to 20 locations nationally
- up to 20 additional Specialist Dementia Care Program units
- $11.5 million over two years for the National Centre for Monitoring Dementia
- $6.7 million in 2026-27 for dementia respite grants for informal carers.

These are meaningful investments for the growing number of Australians living with dementia and for the family members and carers who support them.

Regulatory and quality investment

The budget commits $565.1 million over four years to strengthen aged care regulation, governance and quality under the Aged Care Act 2024. Key components include:

- $120.3 million for the Aged Care Quality and Safety Commission to continue its regulatory functions
- $29.9 million over two years for regional stewardship outreach, supporting older Australians in regional areas to navigate the aged care system
- $20 million to continue meeting demand for My Aged Care
- $7.2 million over four years for the Maggie Beer Foundation to improve food quality in aged care
- $5.5 million for palliative care workforce upskilling

- $3.2 million to exempt Stolen Generations Redress Scheme payments from residential aged care asset testing, a rights-based correction that is overdue and welcome. However, this also needs to be addressed in the Support at Home Program and is something that COTA Australia will continue to push for.

Commonwealth Home Support Program (CHSP)

There was no announcement on the future of the Commonwealth Home Support Program and its potential merge with the Support at Home Program. COTA Australia had called for a clear plan outlining the steps towards creating a single, seamless home and community-based aged care program. Clearly, the first step in that plan must be to address some of the known issues in the Support at Home program including:

- Consumer pricing protections. Price caps on Support at Home services were due to be introduced by 1 July 2026. The budget does not confirm this will happen, raising real concern that costs for some services will remain unreasonably high for longer than older people were led to expect.
- Access to Multiple Servis Providers. There is no clear timeline for allowing older Australians to choose and direct funding to multiple service providers, which would give people more choice and control over their care.
- Access to Assistive Technology. Barriers that stop people from accessing the AT-HM funding allocated to them need to be removed.

Older Australians and their families deserve to know what is coming, when it is coming, and what consumer protections will be in place to support them. COTA Australia will continue to push for an integrated program approach guided by a clear and transparent plan with publicly reported milestones.

Equitable Health Outcomes

The budget's health story is broadly positive for older Australians. There are meaningful investments in access, affordability and, to a lesser extent, prevention. There are also two areas of genuine concern that we need to be direct about.

Cheaper medicines

Medicines are a fact of daily life for many older Australians. Managing chronic conditions, keeping on top of multiple prescriptions, and affording the treatments needed to stay well are real and ongoing costs for people on fixed incomes. Keeping those costs down through the Pharmaceutical Benefits Scheme (PBS) is one of the most direct and practical forms of support the government can provide. This budget continues that commitment with $5.9 billion over five years for new and amended PBS listings, covering a growing range of treatments for cancer, chronic disease and other conditions.

The concessional co-payment of $7.70 remains in place, and the freeze on that rate continues through to the end of 2029.

Around 495,865 people will miss out on cheaper medicines through the PBS Safety Net because the tracking system is still paper based. COTA Australia will continue to advocate for automation of that process, so no one misses out.

Stronger Medicare and more bulk billing

Medicare Urgent Care Clinics are now a permanent feature of the health system with $1.8 billion over five years to fund their ongoing operation. These clinics provide free, walk-in treatment for urgent but non-life-threatening conditions, and older Australians have been among their strongest users. Making them permanent should continue to reduce unnecessary trips to hospital emergency departments and provide urgent care closer to home. However, Urgent Care Clinics are primarily located in urban and suburban areas. Older Australians in regional and remote communities, who often face the greatest barriers to accessing timely care, are not well served by this measure

The budget also invests $47.6 million over four years in radiation oncology grants for concession card holders, maintaining affordable access to cancer treatment for older Australians who need it most. This is a direct equity measure and we welcome it.

The budget also commits $2.1 million to commission specialist advice on future specialist affordability reforms. Older Australians frequently face significant out-of-pocket costs when seeing specialists, and we welcome this as a first step, while noting that the scale of the investment suggests the Government is still a long way from acting on the problem

Free RSV vaccine for older Australians

Respiratory Syncytial Virus, or RSV, is a serious respiratory illness that can lead to hospitalisation and life-threatening complications in older people. From later this year, the RSV vaccine Arexvy will be free for all Australians aged 75 and over and for Aboriginal and Torres Strait Islander people over 60 recognising the First Nations people experience the health impacts of ageing earlier die to lifelong disadvantage. This is a welcome significant preventive health investment.

It's important to note that the vaccine is recommended for people over 60, at their own cost, especially if they have chronic medical conditions or other risk factors that increase the risk of severe respiratory disease. **I**

Private health insurance

From April 2027, the age-based uplift to the Private Health Insurance Rebate will be removed. Currently, older Australians receive a higher government rebate on their private health insurance premiums based on their age.

Under the current system Australians under 65 receive a base-rate rebate of around 24 per cent, with lower rates applying at higher income levels. with those aged 65 to 69 receiving another 4% rebate and those aged 70 and over receiving a further 8% rebate.

From April 2027, everyone will receive the same rebate rate regardless of age. The additional related amounts will no longer be available. The Government's argument is that higher rebates based on age are "not fair between generations" and is not the best spending of taxpayer funds supporting older people.

This initiative will increase the costs of private health insurance to individuals. Depending on a person's age, income and level of cover, the impact could range from a few hundred dollars a year to substantially more for couples and people with comprehensive policies. The Government estimates 44,000 people will stop their cover entirely and COTA Australia anticipates that others are likely to drop to lower levels of cover risking not being covered for some the things they may really need (like a hip replacement or cataract surgery).

This isn't good for the individual's access to hospitals or for the already stretched public hospital system.

We are already talking to Government about the impacts of this measure.

Private Health Reform

The Government also announced $3.2M to consultant on private health reforms which COTA Australia has suggested should include a focus on whether insurance products and services are genuinely delivering value for long term policy holders.

Oral and dental health

The budget extends the existing Federation Funding Agreement for Public Dental Services for Adults, with $431 million over four years. This continues funding for public dental services to eligible adults broadly.

While COTA Australia is supportive of investment in public dental services, many older Australians fall outside the eligibility criteria and can't access services close to their home If they are eligible, they face years on a waiting list. This measure does not change their situation.

We are disappointed that the Government has not committed to a Seniors Dental Benefit Scheme. We will continue to advocate for one.

Mental health

The budget continues to fund existing mental health and suicide prevention programs, extending the National Mental Health and Suicide Prevention Agreement to 30 June 2027. This maintains current services, which is welcome. There is no acknowledgement or reference to the needs of older Australians. The focus of the new investment in this budget is on those who are at elevated risk of depression, loneliness, and suicide. COTA Australia's State of the Older Nation 2025 found that 49 per cent of women over 50 and 44 per cent of men over 50 report feeling lonely.

Veterans

The budget increases allied health provider fees paid under the veterans' health system by $169.7 million over five years. This means physiotherapists, psychologists, occupational therapists, and other allied health providers treating veterans will receive higher payments, which should improve access to care.

At the same time, the Government will introduce an Annual Monetary Limit on veterans' allied health services from 2027-28, saving $748 million. This cap will fall hardest on those with the greatest ongoing need. COTA Australia will keep a watching brief on these changes.

Digital Inclusion

Digital technology offers real benefits for older Australians. It can make it easier to access services, stay connected with family and manage everyday tasks. This budget continues investment in some useful digital tools, and we welcome that direction.

National Anti-Scam Centre

The SMS Sender ID Register comes into full operation on July 1, 2026, protecting consumers from scam text messages impersonating trusted organisations like banks and government agencies. Its ongoing operation will be funded through cost recover from industry.

Separately, the National Anti-Scam Centre has been extended for a further year with $12.7 million in 2026-27. Older Australians are disproportionately targeted by scammers, and the Centre plays an important role in disrupting scam activity and supporting victims.

It would be better for longer term funding to be provided to the Centre to ensure its important scam protection work is sustained.

Digital ID

The budget invests $654 million to expand the Digital ID system, making it simpler and faster for Australians to verify their identity with government and business. For older Australians who are confident online, this has real practical benefit. However, COTA is concerned that the Digital ID ecosystem still does not recognise state-issued Photo ID cards and Proof of Age cards. These are often the primary form of identification for older Australians who no longer drive and do not hold a current passport. Until these cards are included, a significant number of older Australians will be locked out of the system entirely. We will be raising this directly with the Government.

Medicare Systems & My Health Record

The budget also invests $745.1 million over four years from 2026-27 to strengthen the integrity and functionality of Medicare systems, including My Health Record. For older Australians who navigate multiple health providers and services, a well-functioning digital health record has real practical value. COTA Australia welcomes this investment and will seek more detail on how this investment will improve your experience of these systems.

COTA Australia works with the Australian Digital Health Agency providing advice on how digital health systems can better meet the needs of older Australians. Digital inclusion must mean inclusion for everyone, not just those who are already online. COTA Australia will continue to advocate for support for those who are less confident with digital tools, in the design and implementation of any system improvements.

Age-Positivity and Human Rights

By 2050, one in four Australians will be over 65. Ageism is rife and much more needs to be done to ensure Australia is supporting older people. In this budget the only specific initiatives related to elder abuse and gender-based violence.

Elder abuse

The budget continues funding for elder abuse services, including the 1800ELDERHelp national helpline and the Elder Abuse Action Australia peak body, with $3.9 million in 2026-27. These services provide vital support to older Australians experiencing abuse, and we welcome their continuation.

Gender-based violence

The budget commits around $308 million to gender-based violence initiatives, including frontline services and workforce expansion. COTA Australia supports the Governments focus and ongoing investments in this area.

We are concerned however that older women experiencing violence remain largely invisible in the design of these measures. Older women face specific barriers that require specific responses. Older women are more likely to have experienced decades of cumulative violence and are less likely to access mainstream crisis services designed with younger women in mind. They face ageism on top of the barriers every woman experiencing violence encounters. For older women facing violence, the funding is not enough.

Without stronger investment in housing, income security and accessible services specifically designed for older women, many will continue to face heightened risk of abuse and limited pathways to safety.