

SUPERANNUATED COMMONWEALTH OFFICERS' ASSOCIATION (ACT)



ISSUES OF CONCERN TO SUPERANNUANTS IN THE A.C.T.

**for consideration
in the 2008-09
ACT Government Budget**

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Covering statement

In August 2007 the ACT Chief Minister invited community and business organisations to provide input to the ACT Government's 2008-09 Budget. He indicated the Government's interest in the views of these organisations for "appropriate strategies, directions and priorities for the wider Canberra Community".

The ACT Branch of the Superannuated Commonwealth Officers' Association (SCOA) represents, directly and indirectly, the interests of nearly half the Canberra community when the following are included:

- Commonwealth and ACT Government current contributors to superannuation;
- Commonwealth and ACT Government deferred superannuation beneficiaries;
- Commonwealth and ACT Government superannuation pensioners; and
- Spouses, partners and dependants of each of the above.

In the following pages SCOA ACT presents several important issues of current concern primarily to current Commonwealth superannuation pensioners, their spouses, partners and dependants in the ACT. They will become relevant to those not already retired when they do eventually retire.

SCOA ACT appreciates the opportunity of raising these issues and we trust that the ACT Government will consider them carefully in the context of preparing the 2008-09 ACT Budget.

Peter Hurley
Branch President
SCOA ACT Branch

September 2007

Summary of recommendations

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Fair indexation of superannuation pensions for ACT Government employees

SCOA recommends the ACT Government revise indexation of liability payments for the pensions of ACT Government retirees based on the greater of MTAWA or CPI (as is done with the Age Pension) and have ComSuper pay the higher pension with the ACT Government reimbursing the additional amount.

Senior's Concessions

SCOA recommends the ACT Government ...

re-open discussions with the Commonwealth on cost sharing of reciprocal public transport concessions for Seniors Card holders across Australia – recognising the considerable benefits to ACT Seniors Card holders and to local tourism;

pursue reciprocity of travel concessions for Seniors Card holders and age pensioners with the Tasmania, South Australia, NSW and the Northern Territory immediately and with the remainder of the states as soon as possible thereafter.

Aged Care Services

SCOA recommends the ACT Government ...

streamline the approval system for land for low and high care residential places to speed up provision of such facilities to meet immediate needs and to reduce pressure and excessive waiting times in ACT hospitals.

Facilitation of moves by seniors to smaller dwellings

SCOA recommends elimination of Stamp Duty on purchase of dwellings for the over 65s in the ACT.

Mature Age Employment

SCOA recommends the ACT Government ...

give priority to making workplaces more welcoming and more “friendly” for mature age employees, including more flexibility in employment and hours and more emphasis on issues such as job interest and variation than on salary and career; and

recognise that 25% of its current workforce (with a considerable proportion of the government's experience and corporate memory) retire in the next five years thus emphasising the potential value and benefit available in promoting mature age employment.

Liability insurance cover for volunteers

SCOA recommends the ACT Government

underwrite public liability cover for volunteers who are operating away from the premises which are covered for public liability for their organisation; and

note the exclusion of older people as volunteers due to age limits placed on public liability insurance and seek to take action to change this to allow older retirees to continue as volunteers in community activities.

Access to dental services

SCOA recommends the ACT Government ...

act to reduce waiting time for treatment under the ACT Public Dental Scheme to two months by 30 June 2009;

encourage provision of a Dental School at the University of Canberra; and

encourage provision of facilities at the University of Canberra or the Canberra Institute of Technology to train dental hygienists and other support staff in the ACT.

Provision of public phones at key locations

SCOA recommends the ACT Government press key phone service providers to locate and support public phones at key locations around Canberra to meet emergency and associated needs. (This may require a financial contribution by the ACT Government.)

Nursing homes

SCOA recommends the ACT Government negotiate with the Federal Government to resolve the several issues crossing Federal and State Government areas of responsibility and thus provide nursing home facilities in relation to actual needs.

Fair indexation of superannuation pensions for ACT Government employees

SCOA recommends the ACT Government revise indexation of liability payments for the pensions of ACT Government retirees based on the greater of MTAWWE or CPI (as is done with the Age Pension) and have ComSuper pay the higher pension with the ACT Government reimbursing the additional amount.

In its 2006-2007 budget the ACT Government announced a change in the indexation basis for ACT rates and charges from the Consumer Price Index (CPI) to the Wages Price Index (WPI). The reason for making this change (as stated at the time of presentation of the Budget on the front page of *The Canberra Times*) was that future increases in rates would increase "in line with wage growth instead of inflation". Clearly inflation (as measured by the CPI) is regarded by the ACT Government as not adequately keeping up with the general costs of living and providing services.

This change is of considerable concern for ACT Government superannuants whose ComSuper pensions are indexed to the CPI. It will also affect, in time, many current ACT Government employees.

For the new WPI indexation basis the index differential will probably be about 0.9% pa higher in the longer term, while the differential with the ACT actual wages growth will be nearer to some 1.5% pa higher than CPI. This means that ACT superannuants will be 10-16% worse off in ten years time compared with WPI and actual wage earners respectively. This will make it much harder for these retirees to meet all their normal living expenses, including their ACT rates and charges.

In contrast, Commonwealth Age Pensions are indexed to the greater of either Male Total Average Earnings (MTAWWE) or the CPI. In recent times MTAWWE has always been the greater of the two and MTAWWE usually turns out to be a little better than WPI.

There appears to be a widespread view that CSS/PSS and related superannuants are well off. While it is true that a few of these superannuants do draw substantial pensions, the vast majority do not! The average CSS/PSS superannuation pension is currently less than the combined Age Pension for a couple. More often than not, just as the age pension for a couple does, the CSS/PSS pension supports a superannuant and a spouse.

The ACT Government announced a very welcome budgetary surplus of \$39m for Financial Year 2006-07. Canberra. One of the main reasons for this surplus was the strong returns from ACT Government superannuation investments. This situation provides an opportunity to rectify the current injustice of inadequate indexation for those ComSuper retirees who are the responsibility of the ACT Government. The Budget papers also indicated an expectation of an operating surplus of \$103m in 2007-08 with further surpluses through to 2010-11.

We therefore ask the ACT Government to consider upgrading current CPI indexation to either WPI or MTAWWE for those ComSuper retirees who are its responsibility. The alternative would be to extend the ACT Government's concessions on rates and charges to Commonwealth superannuants living in the ACT.

Senior's Concessions

SCOA recommends the ACT Government ...

- **re-open discussions with the Commonwealth on cost sharing of local travel concessions for Seniors Card holders – recognising the considerable benefits to ACT Seniors and to local tourism; and**
- **pursue reciprocity of travel concessions for seniors and age pensioners with the Tasmania, South Australia the Northern Territory and NSW as a priority and with the remainder of the states as soon as possible**

SCOA is also aware of the lack of reciprocal arrangements between the States and Territories for providing concessions for bus, ferry and rail transport. There have been discussions between the States, Territories, and Commonwealth on this matter. SCOA is aware that the Commonwealth made an offer which some states signed up to but that the ACT was not a signatory.

SCOA is aware that reciprocal travel concessions across Australia for Seniors Card holders is a high priority for seniors groups.

Australia is a nation and there should be a national approach to travel concessions as there is for so many other concessions.

SCOA appreciated confirmation from Katy Gallagher in her letter of 21 May 2007 that Tasmania, South Australia and the Northern Territory all offer public transport concessions to Seniors Card holders. However this begs the question as to why the ACT Government has not entered into reciprocal agreements with Tasmania, South Australia and the Northern Territory. Obviously they see benefits arising from the position they have taken.

SCOA would like the ACT Government to enter into reciprocal agreements with Tasmania, South Australia and the Northern Territory.

In addition, a bilateral agreement on such concessions between the ACT and NSW would be a significant benefit for seniors in both administrations. It would be reasonably expected that the cost of extending ACT concessions to the small number of NSW residents likely to take them up would be minimal and possibly offset by increased overall tourism income anyway.

From the NSW perspective, even if there were a large ACT utilisation of NSW concessions, the relative cost would still be very small and again possibly partly offset by increased tourism income.

Aged Care Services

SCOA recommends the ACT Government streamline the approval system for land for low and high care residential places to speed up provision of such facilities to meet immediate needs and to reduce pressure and excessive waiting times in ACT hospitals

SCOA is concerned that aged care services are not meeting adequately the needs of the ACT community in at least the vital area of adequate residential accommodation for both low and high level aged care.;

Recent media reports appear to support the findings of the Productivity Commission report, *Economic Implications of an Ageing Australia*. For example, the ACT has a lower number of operational health care places and low level residential care places per 1000 people aged 70 or over compared with the States and elsewhere.

Facilitation of moves by seniors to smaller dwellings

SCOA recommends elimination of Stamp Duty on purchase of dwellings for the over 65s in the ACT.

Stamp Duty on purchase of property is a key factor in deterring seniors from selling bigger houses and moving to more appropriate smaller accommodation. Stamp duty should be eliminated for those aged 65 years and over to encourage senior home owners to downsize and relocate from their large family homes to smaller modern homes, freeing up the larger homes for purchase by younger, larger families.

This would provide potential social and economic benefits to the local economy in terms of urban renewal and the recycling of older homes and reduce pressure on the government for additional land supply release.

The net cost of such a provision to the ACT Government would be minimal, despite the loss of stamp duty income from seniors as the "loss" of stamp duty from the sale of a home which otherwise would not have changed ownership for years) would be offset by stamp duty paid by the property's new owners.

We also note that stamp duty was supposed to go when the GST came in.

Mature Age Employment

SCOA recommends the ACT Government ...

- **give priority to making workplaces more welcoming and more “friendly” for mature age employees, including more flexibility in employment and hours and more emphasis on issues such as job interest and variation than on salary and career; and**
- **recognise that 25% of its current workforce (with a considerable proportion of the government’s experience and corporate memory) retire in the next five years thus emphasising the potential value and benefit available in promoting mature age employment.**

We commend the ACT Government on its initiative two years ago in preparing an issues paper on mature age employment. However not a great deal seems to have occurred since that paper was prepared. As far as we can establish, there continues to be a preference in both government and industry to employ younger employees, sometimes at the expense of older employees.

Given the rapid ageing of the ACT population and increasing skills shortages SCOA believes that the time has come for the value and benefits available from employment of mature age employees to be recognised and taken into account.

Liability insurance cover for volunteers

SCOA recommends the ACT Government

- **underwrite public liability cover for volunteers who are operating away from the premises which are covered for public liability for their organisation; and**
- **note the exclusion of older people as volunteers due to age limits placed on public liability insurance and seek to take action to change this to allow older retirees to continue as volunteers in community activities.**

Many valuable voluntary activities, many of them involving retirees, are being constrained or even curtailed by the high cost of liability insurance or in some cases the non-availability of such insurances. Rather than small, community organisations seeking to provide such cover it would make far more sense from a community point of view for the ACT Government to collectively underwrite such activities to enable them to continue to the considerable benefit of the community as a whole.

Age limitations need to be avoided too to allow the full contribution to the community of the over 70s and 75s, etc.

SCOA is disappointed with the current ACT Government attitude to our concerns.

Access to dental services

SCOA recommends the ACT Government ...

- **act to reduce waiting time for treatment under the ACT Public Dental Scheme to two months by 30 June 2009;**
- **encourage provision of a Dental School at the University of Canberra; and**
- **encourage provision of facilities at the University of Canberra or the Canberra Institute of Technology to train dental hygienists and other support staff in the ACT.**

Good dental health is integral to a positive experience of ageing and avoidance of ill health.

It is well documented that incorrectly fitting dentures impact adversely on general health because, for example, of the resultant inappropriate quantity and/or type of food that is consumed because of poor dental functioning. Inability to chew food properly is also a well recognised cause of gastro-intestinal health problems. There are also clear linkages between diabetes and diet which can, in turn, be linked to poor dental health.

SCOA is aware that the former Commonwealth Dental Health Program was terminated in 1996 when the Federal Government decided to withdraw funding and, since that time, the dental health of many elderly Australians' has been neglected with adverse outcomes for not only their dental functioning and dental health but also the consequential effect on their general health.

SCOA believes a national dental health program would ensure significantly improved dental services for many senior Australians, including ACT residents, and, in many cases, improve their general health. At present there is no geographic demarcation for other important health services such as those provided under Medicare (hospital, medical, optometric and five allied health practitioner visits where recommended by a GP). Neither is there such demarcation regarding the Commonwealth's Australian Hearing Services program. Similarly, SCOA believes there should be no demarcation in respect of the dental health of the Australian community.

Australia's National Oral Health Plan 2004–2013, clearly demonstrates the need for the re-introduction of a Commonwealth-sponsored dental health program. However this *Plan* is not working because of the absence of targets and a meaningful action plan. This makes the ACT Government's effort to reduce the waiting time to around 12 months commendable.

SCOA commends the ACT Government for the effort it has made in reducing this waiting time. However, SCOA's constituency has indicated that the waiting time is still too long and action should be taken to halve this waiting time by 30 June 2009.

Against this background, SCOA urges the ACT Government to press the Commonwealth to reintroduce a dental health program which will again provide universal access to dental services for all senior Australians who currently neglect their dental health because of their limited means and, in some cases, because of the lack of access to a dental practitioner. Such a scheme could be funded through the Medicare arrangements. SCOA strongly believes that access to health care should be universal.

In addition, to maintain an adequate supply of dentists, dental hygienists and other support staff SCOA believes the ACT Government should encourage provision of a Dental School at the University of Canberra and facilities at the University of Canberra or the Canberra Institute of Technology to train dental hygienists and other support staff.

Provision of public phones at key locations

SCOA recommends the ACT Government press key phone service providers to locate and support public phones at key locations around Canberra to meet emergency and associated needs. (This may require a financial contribution by the ACT Government.)

Another ageing issue is availability of public phones, particularly in places like residential care facilities and nursing homes but also in public places where older people might go for walks, etc.

Public phones are still needed to ensure public safety, national security and law and order, particularly where mobile phone reception is problematic or there is high ambient noise or for those who either cannot afford or do not want to have mobile phones.

The Federal Government should set up an independent body to decide where the public phones should be located (ie. areas of highest likely need). The Government should subsidise the operation of the unprofitable phones because provision of public phones is a public good.

Nursing homes

SCOA recommends the ACT Government negotiate with the Federal Government to resolve the several issues crossing Federal and State Government areas of responsibility and thus provide nursing home facilities in relation to actual needs.

The major difficulty with the provision of progressively intensive care for the ageing is that it is partly the province of both Federal and State Governments. Thus any recommendations made invariably relate to both levels of Government.

SCOA understands that nursing home proprietors are again lobbying the Federal Minister for Ageing, Santo Santoro, to introduce nursing home bonds for high care patients as well as for low care patients. This attempt is their second one. The first time was in 1996 when it caused considerable protest because high care in nursing homes was seen as equivalent to hospital care in a public hospital which is free.

On the first occasion, the various bodies representing the elderly vigorously resisted the idea and the proposal was dropped. One of the reasons was that it was thought that most of any money received from the bonds would be spent on capital works, and not much on actually improving the quality of patient care.

Now nursing home proprietors say that they have been given money by the government and consequently have been doing capital works, so that more of the bond money could go to improving the quality of patient care, by paying better wages and hiring more staff to reduce workloads, etc.

Alternatively, the proprietors would like higher government subsidies per patient. Another alternative would be to spend more money on assistance to those older people who want to remain living in their own homes.