

COTA SA RESPONSE TO THE LEGISLATIVE COUNCIL OF SOUTH AUSTRALIA SELECT COMMITTEE ON POVERTY IN SOUTH AUSTRALIA

This submission responds to the invitation by Leslie Guy, Secretary to the Select Committee on Poverty in South Australia to make both a written submission and to express interest in presenting to the Committee.

COTA SA has an active program of hearing the views and exchanging ideas with older South Australians about what matters most to them. This submission identifies several priority issues relating to the terms of reference of the Select Committee on Poverty.

(a) The extent and nature of poverty in South Australia;

Older people who call South Australia home are far from homogenous. There is enormous diversity of culture, health, income, location, sexuality, attitudes and priorities. For example, 30% of older people are from CALD backgrounds, 10% identify as LGBTIQ, about a third live in rural areas, an increasing number live in single person households and far fewer own their home.

An increasing number of older South Australians are living in poverty and, alarmingly, this number is growing rapidly. What does poverty for an older person in South Australia look like?

- Reliant on Newstart (because of unemployment or underemployment) or an Age of Disability Support Pension
- Likely to be in private rental accommodation which, even after the Commonwealth Rent Assistance, takes up more than 30% of income and, in an increasing number of instances, as much as 50 or 60%
- Few or no assets, savings or superannuation
- Without discretionary income of any kind and facing a rising tide of co-payments, fees and increased costs across essential services such as aged care, health care, utilities and digital access.

Old age is the time that a lifetime of inequality, compounded and multiplied from life event to life event, is in its starkest relief.

We would particularly draw attention to the manifestly inadequate Newstart allowance. People in their 50s and 60s who are unemployed or underemployed and relying on Newstart are in a very disadvantaged position in preparing for their ageing. As the pension age gets pushed out, more and more people are relying on a Newstart payment for long periods. While there is much rhetoric that low Newstart amounts are justifiable because unemployment is temporary, in fact for an increasing number of older workers subjected to ageism it can be their only source of income for over a decade and finish only when they become eligible for the Age Pension. In these circumstances, people arrive at Age Pension eligibility without superannuation, without owning a home and with no opportunity to top up or create any reserves for what lies ahead. This group of people is, by any measure, living in entrenched and unrelenting poverty. For women with a history of broken careers because of caring responsibilities, this is particularly harsh because it is the time when they would otherwise expect to be contributing to superannuation or a mortgage.

In addition, people tell us that punitive conditions around Newstart impact on their mental health including having to apply for 20 jobs a month when the chances of employment are extremely limited. We also receive feedback from older people on Newstart that there is very little support or assistance available to them to train or retrain by their Job Network providers. People with physical or mental health problems, including work related injuries, are potentially locked out of employment without specific support particularly in regional areas.

The Age Pension is very low by OECD standards a fact that has been masked in the past because home ownership among older people has been high and, in the absence of home ownership, there was good access to public housing.¹ Home ownership is now in free fall and public housing stock has reduced by 50% with access only to those in extreme circumstances (domestic violence, mental illness for example). The Age Pension is not adequate to cover the rising costs of private rental or substantial mortgage costs. This is compounded by the fact that the opportunity to top up income is very limited as people age and, as stated, an increasing number of older people started receiving an Age Pension after a long period on Newstart.

The picture of poverty among older people in our community is very often gendered. Older women have much less superannuation than older men with median amounts for women being less than \$30,000 compared with the median amounts for men of \$75,000. The superannuation contributions of women are impacted upon by lower life time earnings because of 4 things –

1. lower wages – women earn on average 18% less than men for the same jobs
2. time out of work to care for children and, increasingly, parents/grandparents
3. lower rates of workforce participation, with Australia having one of the lowest rates of workforce participation for women
4. long periods of unemployment or underemployment particularly in 50's and 60's.

COTA SA regularly talks to older people throughout SA via face to face conversations, surveys, phone calls, emails and letters. Important themes include high levels of anxiety about cost of living rises, the emergence of co-payments, an increasing tendency to charge for things previously available for free and about a raft of sometimes individually small but collectively significant increased costs in all areas of life. These [are](#) on top of some of the well-publicised cost of living increases – particularly power, but also council rates and other essential services.

(b) The impact of poverty on access to health, housing, education, employment, services and other opportunities;

A key pillar of ageing well is being able to access affordable and appropriate housing. South Australia already has a sizeable population for whom this access presents real problems and this number is growing at an alarming rate. According to 2016 Department of Social Services data, there are at least 4,900 older South Australians living in accommodation that creates housing stress because it is unaffordable for them, where unaffordable is defined as paying more than 30% of their total income to a landlord. The latest census data suggests that this is a very conservative estimate. Newstart and Commonwealth Rent Assistance have not increased in real terms for 10 and 21 years respectively.

As home ownership becomes less attainable for people of all ages, more and more older South Australians are forced to turn to private rental to meet their housing needs. For many, this creates real risks of homelessness due to unaffordability, insecure and short-term tenure and physical design that cannot be moderated to meet changing needs. The Anglicare 2018 rental affordability snapshot for South Australia referred to a private rental affordability crisis in the metropolitan region for

¹ *The Adequacy of the Age Pension in Australia* (2016), Per Capita Australia

people on low incomes. Frequent moves required by some people in private rental compounds isolation, compromises support networks and negatively impacts health.

There is an emerging consciousness in the SA community that age discrimination is stopping older South Australians from keeping and getting jobs that will provide another key pillar to their ageing well.² Older people seeking low skilled jobs may well spend a decade or more unemployed or underemployed prior to eligibility for the age pension. While an increasing number of South Australians want and need to work into their 50s, 60s and beyond, widespread workplace age discrimination³ means only one third of people aged over 55 participate in the workforce and unemployed older job seekers take twice as long as other age groups to find work⁴. Older women are a particularly economically vulnerable group, often having lower superannuation balances, lower wages and broken work histories due to caring roles.

The 26% of older South Australians who live outside the metropolitan area often live in communities with significantly higher age profiles. Affordable, accessible and timely community and public transport makes a huge impact on rural and remote lives. When it operates well, it helps people get to and from medical appointments, it gives confidence to make the decision not to drive, it enables people to shop, use services and facilities and, most importantly, it prevents isolation and promotes lives as active citizens. Sadly, however, people tell us that alternatives to driving themselves are often inadequate, inappropriate and expensive for people who live in regional and rural areas.

The Digital Inclusion Index in 2017 continues to show that South Australia is the second least digitally included state (only Tasmania has a lower score). While older South Australians are making progress in terms of their capacity to engage online, there remain significant affordability and capacity barriers for older people. Older South Australians continue to be among those most likely to be less included in the digital world making the digital divide 'narrower but deeper'.⁵

There is clear evidence that health and illness are not distributed equally within the South Australian population and tend to follow a gradient closely linked to socio-economic status. The poorer you are the greater your risk of ill health.⁶ Poor oral health has a particularly strong link to low income. The suicide rate is 50% higher in the lower two quintiles than the top two socioeconomic quintiles.⁷ Lowest income Australians are almost twice as likely to die from a chronic cardiovascular or lung disease and almost three times as likely to die from diabetes than wealthier Australians. Access to health services is also compromised - if bulk billing is not available older people report that going to the doctor is simply not affordable and preventive measures like flu injections are not taken up.

(c) The practical measures that could be implemented to address the impacts of poverty;

The most urgent need is to raise the rate of Newstart. The current rate of Newstart for a single person is \$490 per fortnight, an amount that is manifestly inadequate. An increasing number of people in their 50s and 60s are caught up in long term unemployment often as a result of age

² For example, Robertson, D 2018, 'Female, 50 & Unemployed', *Sunday Mail*, June 10

³ Krulik, K 2017, *Work Well, Retire Well, findings of the Work, Care, Health and Retirement Ageing Agenders Project*, University of South Australia, p 17, viewed 27 July 2018 <https://www.wgea.gov.au/sites/default/files/unisa_work-care-health--retirement-report_digital.pdf>.

⁴ Williamson, B 2017, 'Age discrimination: Over 50s search twice as long for work than 15-24 year old's', *ABC News*, 19 May, viewed 28 July 2018, <<http://www.abc.net.au/news/2017-05-19/age-discrimination-over-50s-worst-bracket-to-be-unemployed/8540548>>.

⁵ SACOSS 2017

⁶ Australian Institute of Health and Welfare 2016, *Australia's health 2016*, in Australia's health series no. 15. Cat. no. AUS 199. Australian Institute of Health and Welfare, viewed 27 July 2018, <<https://www.aihw.gov.au/getmedia/9844cefb-7745-4dd8-9ee2-f4d1c3d6a727/19787-AH16.pdf.aspx?inline=true>> .

⁷ Harris, B, Calder, R 2017, 'Low income earners are more likely to die early from preventable diseases', *The Conversation*, 28 November, viewed 28 July, <<http://theconversation.com/low-income-earners-are-more-likely-to-die-early-from-preventable-diseases-87676>>.

discrimination. There is a current national campaign to raise Newstart by \$75 per week, a campaign that is very much supported by COTA SA.

Access to the age pension needs to be timely. We often hear about individuals who are waiting up to three months, or longer, to receive their pension even after agreed eligibility. People rely on the Age Pension; delays in accessing their entitlements compounds stress, and introduces a need to rely on family and friends which in some instances opens up a dependence and vulnerability that sets a dangerous precedent. This is an area where advocacy, including from state parliamentarians, would be welcome.

We need to pay attention to the housing needs of older Australians whether they are on Newstart or the Age Pension. Over the last two years COTA SA has convened and run a Housing Roundtable involving stakeholder organisations in South Australia including key researchers, providers, funders, policy makers and peak bodies. The roundtable discusses issues and potential solutions related to adequate housing for a growing number of disadvantaged older South Australians.

People relying on the Age Pension who do not own their own home are in precarious circumstances on three fronts –

- they are commonly paying rents that are unaffordable even with Commonwealth Rent Assistance;
- they have no security of tenure and thus are forced to move whenever a lease expires and is not renewed;
- they are in accommodation that is not able to be adapted to meet changing physical needs.

Results from the 2017 report *Finding a Suitable Home for People at Risk of Homelessness in SA*⁸ and stories from some of our housing roundtable stakeholder organisations indicate that there is a pressing need for a service that will support older people to achieve secure, long term and affordable housing. Interstate models have shown that a specialist early intervention service using existing resources to support older clients to better navigate the system has the potential to save significant public money and will prevent homelessness.

We need to invest in overturning ageism in the workplace and improving the employment outcomes for older jobseekers – for older people and for South Australia. On a national basis increasing the workforce participation of older workers by just 3 percentage points adds \$3 billion to GDP.⁹ South Australia needs to raise awareness of the prevalence and cost of age discrimination among employers, and to research and implement best practice interventions for older workers to continue to work and earn. COTA SA has proposed funding for a trial project where employer groups and older workers combine to explore the barriers to employment and propose practical solutions.

In our state, low skilled workers, including many transitioning from manufacturing jobs or blue-collar workers needing careers that better suit their physical attributes, need particular support to restructure their careers.¹⁰ It has been suggested that mid-career planning¹¹ would provide an opportunity for workers to make a plan for their future – including their health, housing and financial future - and for any upskilling or reskilling that may be required. People are more likely to

⁸ https://www.older tenants.org.au/sites/default/files/national/south-australia/ageing_on_the_edge_sa_summary_report_copy.pdf

⁹ *Willing to Work: National Inquiry into Employment Discrimination Against Older Australians and Australians with Disability* 2016, Australian Human Rights Commission, viewed 27 July 2018,

<https://www.humanrights.gov.au/sites/default/files/document/publication/WTW_2016_Full_Report_AHRC_ac.pdf>.

¹⁰ Waterford, D, Battersby, J, Mussared J 2016, 'Work and retirement intentions among SA "Baby Boomers" A Mixed Method Approach', unpublished.

¹¹ Mid-Career Checks were first proposed by former Age Discrimination Commissioner, Susan Ryan, as part of the *Willing to Work* Inquiry.

get new jobs while still employed and to stay employed as they age if they keep the job they have, making the adjustments, changes and upskilling that are required along the way

We need to prioritise health programs for older people focused on affordability, early intervention and prevention. Older people who rely on the Age Pension experience growing costs in terms of co-payment and access to preventive activities. The prevention of illness and early intervention needs to be prioritised and funded through targeted services. This includes improving support for accessible and affordable physical activity in communities of older people, access to timely and affordable oral health and dental care and access to bulk billing and/or services where debilitating co-payments are not required.

Many older people cannot afford access to the primary level of oral health care they need when they need it. This goes beyond emergency care provided through the SA Dental Service. The link between gum disease and heart disease is well established. Regular and affordable oral health care has the potential to reduce the overall health burden experienced by individuals and governments with dental problems representing the most common preventable condition for hospitalisation in SA.¹²

We also need to do more to support the digital access of older people, including recognising the costs of access and of keeping abreast of emerging technology. There is a poverty premium which applies when you can only afford a pre-paid internet plan or rely on a mobile for internet connection. There is a massive and widespread price difference for data between mobile and fixed home services which particularly impacts people on low incomes whose only connection is a mobile.

As an older person applying for jobs, accessing government services and information, you are more often than not directed to websites. COTA SA supports SACOSS proposal that data from any government website should be delivered free.

Centrelink encourages its customers to enter their details on line and given the wait times for phone service this appears to be an efficient way to interact with the service. However it disadvantages people – many of them older – who do not have the skills, knowledge or confidence to interact that way, or who do not have access to the internet. Recognising that Centrelink is often the main government agency with which older people need to interact, funding for personal support services to make those interactions efficient and seamless for the customers is badly needed.

WHO IS COTA SA?

COTA SA is an older people's movement run by, for and with older people. We represent the aspirations, interests and rights of 633,000 older South Australians. COTA SA reflects the diversity of modern ageing in terms of living arrangements, relationships, income, health, ambitions and aspirations. COTA SA connects with up to 100,000 older people each year through ZestFest, Strength for Life, a range of Peer Programs, along with an annual program of engagement and conversations throughout SA. COTA SA is part of the COTA Federation made up of all State and Territory COTAs and COTA Australia, a national policy and advocacy body focused on federal issues such as health, aged care and retirement income. For further information or advice regarding the content of this document please contact -

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¹² p16, 2018 Consultation Paper: South Australia's Oral Health Plan, SA Health