



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

**HOUSE OF
REPRESENTATIVES**

STANDING COMMITTEE ON AGEING

**Reference: Long-term strategies to address the ageing of the Australian population
over the next 40 years**

TUESDAY, 29 APRIL 2003

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**HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON AGEING**

Tuesday, 29 April 2003

Members: Dr Southcott (*Chair*), Ms Hall (*Deputy Chair*), Ms Corcoran, Ms Ellis, Ms Gambaro, Mr Hartsuyker, Mr Hunt, Mrs May, Mr Mossfield and Mr Tony Smith

Members in attendance: Ms Hall, Mr Mossfield and Dr Southcott

Terms of reference for the inquiry:

Long-term strategies to address ageing of the Australian population over the next 40 years.

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Committee met at 9.18 a.m.

BOLDY, Professor Duncan Peter, Acting Director, Centre for Research into Aged Care Services, Curtin University of Technology

CLARKE, Dr Ann Michelle, Research Fellow, Centre for Research into Aged Care Services, Curtin University of Technology

CHAIR—I declare open this public hearing of the House of Representatives Standing Committee on Ageing, as part of our inquiry into long-term strategies for ageing. Today we will hear from Professor Duncan Boldy and Dr Ann Clarke from Curtin University of Technology, Dr Alan Tapper from Edith Cowan University, Nedlands City Council, the Chamber of Commerce and Industry Western Australia, the Australian Services Union and the Western Australian Department of the Premier and Cabinet. The committee has heard previously that ageing is a whole of community issue—it has an impact on economic, social and physical wellbeing throughout the community. Between them, today's witnesses bring to the inquiry expertise in each of these areas. The committee looks forward to a productive and interesting hearing. I remind you that the evidence that you give at this public hearing is considered to be part of the proceedings of parliament. I therefore remind you that any attempt to mislead the committee is a very serious matter and could amount to a contempt of the parliament. Would you like to make an opening statement before I invite members to proceed with questions?

Prof. Boldy—Thank you for the opportunity to address the committee. Rather than preparing a detailed statement, Ann and I have prepared a two-page note which we think summarises two of the key issues in a broad sense. The first one has more to do with the care side of the system and addresses the issue of ageing in place. The second one has more to do with healthy ageing, successful ageing or ageing well, which Ann will talk to. I will talk to the first point in the paper.

'Ageing in place' is a phrase that is used by the residential care sector in a narrow sense where hostels and nursing homes are seen as one entity. You can stay in a hostel without moving to a nursing home. That kind of narrow sense of 'ageing in place' has become the terminology in Australia, which I think is a pity because ageing in place has a wider connotation, and should be seen in the wider sense of people being able and supported to stay in the environment and, typically, the house or the neighbourhood that they have lived in for most of their life, certainly for the latter part of their life.

In thinking about the notes here I was struck by the paper by Satya Brink, which is on the web site of the committee. The paper mentions that Australia should really be thinking in terms of ageing in place because it has reached, or will be reaching, the 20 per cent mark. Satya Brink mentioned that this is the figure whereby you cannot sustain a dominant nursing home approach to care, if you take that part of the system.

It will become even more important to develop a whole range of ageing in place options and programs by looking much more in detail at housing and neighbourhood design to make it age friendly; looking at a much more expanded range of visiting and on-site and neighbourhood support services—and public transport and shops are key parts of that; and also to look at coordination of service provision so that you do not have the situation where an older person is

trying to put together a package that can work in total. You have some support, a case coordinator, if you like, to help in that process.

I do not think the current system adequately tries to focus sufficiently on ageing in place alternatives, not with the kind of vigour of extent that we really need to plan for over the longer term. In a nutshell, that is the ageing in place argument. Thinking in terms of nursing homes and of immediate problems of care are not going to solve things in the long term. As the proportion of the population increases, we are going to have to be developing much more extensive alternatives that are not just half the cost—which is typically the criteria for some of the alternatives to nursing home programs, they have got to cost no more than half, or something. They are certainly not allowed to cost the same amount, typically. That requires much more attention not only to services in the direct sense but also to housing design and neighbourhood design.

Two of the other issues that need to be mentioned—and I will let Ann say something before I take the whole five minutes—are work force issues. I am sure you have heard a lot about the problems of getting nurses and other health care professionals to work in the aged care area because of inadequate pay, recognition and status. There is going to have to be a lot more attention paid to that area.

The other area is carer support whereby, if community care options—the ageing in place options—are going to be stressed more, there is the potential that this will impact very strongly on family members, informal care supporters, and that means that care for carers and support for carers are going to have to become a stronger part of the system as well, so that ageing in place does not happen on the backs of women over 70 who are typically caring for someone else already. They are some of my thoughts on the first point in the paper. Perhaps I can ask Ann to address the second point.

Dr Clarke—My interest has been primarily in the promotion of maintenance of physical activity throughout the life span. To expand that to the area of ageing generally, I guess you would use the term ‘successful ageing’, which has become the most popularly used, or, as I have said, ‘They’re ageing well.’ The link to that, in terms of Duncan’s focus, which was to use the ageing in place concept, is that to age successfully you have to maintain involvement— involvement not just in physical tasks but in cognitive tasks, social tasks and any other tasks that engage the mind, body and spirit. Of all of the statistics that we hear about lifestyle and chronic disease, there is a real focus towards middle aged Australians—and, yes, they will get old, but there are still a lot of people who are already old who will continue to be alive for the next 20 to 30 years—being terribly unfit and terribly sedentary, and that is really awful, but it is even worse for the people who are currently over 65, given the average age of entry into a nursing home is 85. Most of the statistics on chronic disease end between 65 and 75. For example, the upper limit to stats collection—and this was in a Commonwealth report on physical activity—was 75, but most Australians are living in their own home until they are 85, so what do we know about what they are doing about accessibility and being able to be involved?

Chronic disease is very important, but I do not think the focus has been on targeting prevention for those who are already old. We talk about health promotion strategies, and in this state we have our Premier’s task force on physical activity. The focus is to increase activity

levels by five per cent, which is fantastic, ambitious, optimistic and all of those things, but the focus of the program has not been towards ageing Australians but towards middle aged Australians. To get younger and older Australians to do more things requires more institutional support rather than haphazard promotion campaigns. I have made a list of modifiable lifestyle factors including cognitive and physical functions and physical activities around the home as well as to self-efficacy, body fat levels, high blood pressure and moderate and strenuous leisure activity. I have included them all because they are all still important, even if you are old. The Association for Gentle Exercise in Britain is very powerful. The word 'gentle' is always used before any of the other words, yet how much strenuous exercise are the over-75s even able to access, even if they know that they need some? A very interesting study has been done in Alberta on the provision of opportunities of physical activity if you live in either a hostel or an aged care facility, and the statistics are poor. I made a comment here about the physical activity guidelines for all Australians, and I have listed them there. I thought I might make you sweat by asking questions of you—

Ms HALL—Go for it!

Dr Clarke—or by asking, 'What about your parents?' The physical activity guidelines may be encouraging and optimistic, but how well are they dedicated, available and accessible for those who are 65 and over in the current climate? The guidelines include the putting together of at least 30 minutes of moderate intensity physical activity on most, if not all, days of the week, and if you can enjoy some vigorous activities for extra health and fitness. There are no statistics on the availability of physical activity opportunities in aged care facilities in Western Australia, so I had to rely on Canadian statistics for that. But my guess is that they are woeful at best. Things like the use of restraint for behaviour management is an issue that comes long before the provision of health promotion opportunities for people who live in those communities. I have made a comment there about the reduction of physical disabilities and chronic diseases. My last comment is on anxiety and depression. I think that the role of physical activity in the reduction and management of anxiety and depression in older adults is profoundly under-understood.

My two final comments are that theoretical explanations for the understanding of the low participation levels of ageing people generally is poor at best. We do not understand how to access these people who have had a lifelong low level of participation, and who are heading towards a poor quality ageing life. Although we may be able to keep them alive, their quality of life may be exceptionally poor. We come from a research institute, so I had to say that research was required.

CHAIR—All researchers say that.

Dr Clarke—In association with ageing—and I did not make a particular comment here about the role of successful ageing and good health in the prevention of the onset of dementia, which I am sure other people have made much mention of—the connections are not well understood. But, in the case of things like high blood pressure and heart disease, you have multi-infarct dementia, and the more you can do to prevent those sorts of things the better. We currently have about 55 per cent of older Australians who do absolutely nothing. Your dementia sufferers and your sick people will come from that group, not the 45 per cent who are doing quite well, thank you. I guess it is an understanding of the 55 per cent that we very rarely see because they only

ever might make it to the shops for essential services, but they are not actively engaging in the community.

Prof. Boldy—‘Ageing well’ and ‘ageing in place’; we think are key players.

CHAIR—Absolutely. I want to ask you, first of all, about ageing in place. The Intergenerational Report, which looks 40 years out to the future, has said that, when projecting existing trends, they expected there to be growth in both residential aged care and community aged care to almost double over 40 years. Do you have any comment on that?

Prof. Boldy—I believe that the Intergenerational Report made the assumption that the relationship between disability and age would stay the same, and there is a lot of doubt about that. In fact, if the kinds of strategies that Ann is proposing are put in place strongly then we suspect that people of the same age in 10 years time will be a lot fitter, which means that the assumption in the Intergenerational Report is then invalid. That is what is called ‘compression of morbidity’, as I am sure you have heard. The research seems to be a little bit ambivalent as to how strong the evidence is but, of course, the proponents say that in fact what we will buy in future with increased longevity is extra healthy years, not extra disabled years. I would like to believe that is true, and there is some evidence for that, but it is not conclusive. Of course, whether it will happen or not depends on whether we pursue aggressive, successful ageing kinds of policies and whether people take them up. The Intergenerational Report is just projecting trends, not saying what will be. What it can be seen as is a way to look at, ‘If we don’t do anything, this is what we’ll finish up with.’ If we do not like that scenario painted by the report, maybe we should try and look at other assumptions and ask: ‘What do we need to do to change these assumptions?’ so that we actually finish up with a scenario that we find more appropriate and more desirable.

CHAIR—Secondly, ageing in place seems to be very in line with consumer expectations and preferences as well. Given that we have, say, HACC, community aged care packages and also ageing in place now, and given your concepts of ageing in place, do you see a gap there or what sort of ageing in place should we be looking at in the future?

Prof. Boldy—In terms of what kind of support is needed to achieve that?

CHAIR—Yes.

Prof. Boldy—On the housing side, we certainly could do a lot more to make housing aged friendly and universal in design from an earlier stage so that, if people are going to move, say, at retirement, when they are still fairly fit and healthy, they can move into an environment or a house in the same neighbourhood maybe, if that is what they prefer, which is going to maximise their chances, in terms of being barrier free, of living within that house and then wider than that of living within that neighbourhood, because shops are easier to get to and/or they deliver and transport is made user friendly. So looking at the house and neighbourhood together is the first stage. Rather than bringing things in to compensate for deficiency, we should be trying to do something about the environment that creates deficiency. That is a much more empowering approach than looking immediately to a service solution. The next thing is to look at why people are having problems coping. If it is a shopping issue or an issue about being able to

exercise then we need to look at the constraints that prevent people being able to do those things. That is kind of an extension of the same point I just made, I guess.

When we come to the smaller proportion who are coming more to the caring side, again we need to think about preventive services that can help them stay. Often gardening is an issue, which is typically not a strong part of HACC services, and non-medical caring things are often the straws that break the camel's back. When someone is admitted, let us say, to a nursing home in an emergency—which is often the case, rather than it being planned—or when they come to a hospital and cannot get back home, so they finish up in a nursing home, I am not sure that enough attention is paid to what actually caused that accident or whatever. More could be done to try and maximise the environment within which ageing can take place.

If we do get to the care end, we are not really serious enough in providing the kinds of services in the home that can help at that end of the spectrum. Silver Chain, which is the main local domiciliary service here and which I know well, has fairly severe limits on the level of nursing, meals or whatever that people can receive. It typically does not cover weekends, for example, so we are not really serious about providing adequate levels of community care, and it is not going to cost any more. Of course, the thing about that is that, while you are doing that, the cost of the housing is met by the individual and not by the state or Commonwealth—which it would be if they were in a nursing home—so you can save the housing side of the cost. Those are some thoughts, anyway.

Dr Clarke—You have to be pretty old and pretty sick to get a HACC package, so it is the gap between very well and very sick that I think Duncan is referring to. We need to have levels of support in the community like those provided by the child health community nurses, where you get babies weighed and where very simple things happen that promote growing well. There are not those sorts of low-level health facilities for old people. They have to make a trip to the doctor to access that sort of care, but they have to be sick before they go to the doctor. There is not that halfway point for those people who may be becoming sick and who may end up, in an emergency, in a home. So that access to the community level service that is not necessarily medically required—like is often the case for a HACC package—is needed.

Ms HALL—I am interested in the concept of the healthy years and the fact that, I think, those healthy years have increased exponentially over the years—and I am also interested in the concept of ageing in place. With respect to what you were just saying to Dr Southcott about the healthy years, do you agree with the concept that there will be a natural increase in those healthy years—as well as the fact that we can contribute to increasing those years and reducing the number of years of disability as well?

Prof. Boldy—I think there will be a small, natural contribution to increasing—maybe it is more than small. There has been evidence that it has been increasing, so what we are gaining is extra years of healthy life. But I think we could do much more by pursuing the kinds of activities that Ann talked about.

Dr Clarke—When you look at the fact that never in history before have we had a population of which nearly 50 per cent are overweight, if that trend continues all the gains you make in heart disease, in terms of saving people who have had their first heart attack, are going to go—those people are going to be suffering from diabetes. And we cannot cope with amputees or

blind people at the age of 55, which is where we are heading. In the population that previously would have been made up of completely disease free professional young people between the ages of 30 and 45, you have got levels of type 2 diabetes—these are not the sick and the ignorant; these are highly professional, well trained people who are doing nothing and getting pathetically sick. They will lose their sight and their mobility and they will cost you enormous sums of money, unless there is serious effort put into making sure that workplaces change now—because according to the paper yesterday we are never going to retire! If you want to keep 65-year-olds at work, you cannot possibly have an unfit 65-year-old who is expected to work every day of the week. At the moment you only have to ask the legal profession around here how many of them are sick—taking antidepressants, high blood pressure medications and those sorts of things. Previously, they were the people who stayed relatively well; now they are fat, unhealthy and unfit. So it is a yes and a no answer.

Ms HALL—It is more than exercise, though; it is nutrition. It is a lifestyle issue, isn't it?

Prof. Boldy—It is self management in the wider sense. The Commonwealth has a demonstration project at the moment called Sharing Health Care, which presumably you have heard about—I do not know—and WA has a demonstration project which is focusing on lower socioeconomic groups of people over 50, particularly those with chronic heart disease and diabetes. We are actually evaluating that project, as local evaluators. The problem is not getting general practitioners interested; the problem is trying to build that into a busy general practice activity.

Dr Clarke—That is not realistic. You cannot expect doctors to do that—it is way too hard. Doctors are not into behaviour management.

Prof. Boldy—Enhanced primary care items for longer consultation and so on are just not having the effect. There needs to be much more attention paid to the potential and realising the GP role in encouraging self management and working with their patients in an earlier, preventative kind of mode. They are potentially an enormous resource, but they are too bogged down in the day-to-day medicine of the traditional kind. Also, they are getting more involved in corporate practices, which is more cookbook medicine, and it is moving further away from a preventative kind of role.

Ms HALL—So your idea for dealing with this—

Prof. Boldy—That is one of my ideas: trying to strengthen general practice in a preventative sense.

Ms HALL—Do you have other ideas for bringing some of the thoughts that you have talked about here to fruition? What strategies should we be putting in place at a government level?

Prof. Boldy—I think housing should see itself not just as bricks and mortar but as a supportive environment in the longer term. I think neighbourhoods should be looked at in terms of their age friendliness, in a supportive sense. I think services should be much more coordinated, and we should look at ways of supporting carers—as well as directly, we should look more at the early supportive kinds of things that can be offered to all the people in the younger kind of years, so that they can get to exercise—they can take advantage of exercise

opportunities—and so that they can be helped, through general practice or whatever, to see what more appropriate nutrition is and those kinds of things.

Dr Clarke—To come back to the notion of physical activity, in this country you are fighting an enormous battle because physical activity is not sport. You are weighing against a massive tide of what people think exercise is or think physical activity is. If there is any association with sport, you have got a massive proportion of the population who believe they are no good at it. By the time you have hit 65, you really believe that. Part of my research is looking at how people reflect on their history of physical activity. The first thing that they will remember is that they were not very good at sport at school. You are talking to someone who is reflecting 55 years ago, and you are expecting them to respond to public health campaigns to increase their exercise level. A massive proportion of the population associates physical activity with sport, and we have done a very poor job of widening our understanding of what physical activity means.

I think in combination with what Duncan is suggesting about widening the role of community general practice is getting doctors and those associated with general practice to understand the opportunities to increase physical activity in the lives of all people. It is not about sport; it is about getting out the front door to participate in any kind of social sense, at the very lowest level. I think Australians have become their own worst enemies by promoting elitism in sport as something that we all strive to achieve. That is very important—but it isn't, if you are talking about improving the health of all people.

Ms HALL—The other issue I quickly wanted to take up was one that Professor Boldy mentioned: support for carers. What do you think needs to be put in place there?

Prof. Boldy—Let us take dementia as an example, because we have looked at a variety of models that have tried to support carers of dementia patients. There are a few, but they touch a very small proportion of the people who require help. One that we have done some evaluation of is a host family concept. Typically a wife or husband looking after their spouse can maybe get respite in a residential facility—but it is for a week or two and maybe now and again. That is one option—I am not suggesting any one option is right, but we need to look at a much wider variety of options for people to choose from, and so that is one which should stay. The host family model is where the person with dementia can be matched with another family and then taken there for a weekend, and that can become regular. You can of course have it the other way, where someone else comes and stays with the older person in the house. There are advantages and disadvantages of both. In some respects, it is better for the person with dementia not to move out of their existing house; on the other hand, it is kind of a bit of a holiday for them, so after the first move it has actually been quite successful. Taking part in some focus groups with relatives who have benefited from that, as I have, and hearing people's gratitude and statements about how this has enabled them to keep going and to carry on caring and about how they could not have managed without it has been interesting. You can have much more frequent kind of weekend support respite. I think respite is a fairly key area, not just for dementia but for other areas as well. People can continue caring if they can get some time off.

Ms HALL—What about support for carers on more of a daily basis?

Prof. Boldy—The other aspect is day centres. Typically the people I was seeing in Bunbury—where there is host family respite as part of the total package—also had a day centre facility, so they could also come in for days. But the overnight and weekend option is an extra kind of support. You need the day support option, you need the weekend option and you need to have occasional one- or two-week respite options in hostels or nursing homes. That is just looking at the respite side for carers. I think that is the main issue for carers.

Dr Clarke—I would like to agree with Duncan on the issue of respite. Why people do not use it more is poorly understood, but it is the issue that drives them to send the people they care for into aged care facilities. We have been involved in another project, with people in remote areas who look after people with dementia. That is what drives people out of the country as well—because they cannot get support regularly enough. Also accepting someone into your own home or taking someone 200 kilometres away—or 500 kilometres away in Western Australia—causes a profound disruption to the community at large, because you have got some small towns with very few people. Why older people do not use respite options when they are available is something that we do not understand very well.

Prof. Boldy—There is a great guilt issue around in terms of caring. There is the kind of pressure on the community that says you should be looking after your old mum or old dad. Whether old mum or old dad would prefer to be alone, not being looked after by children, is an interesting point.

Dr Clarke—Again, it is an issue that leads to an emergency landing in an aged care facility rather than a planned one, because things go disastrously.

Prof. Boldy—It also means that carers are less likely to give a cry for help until they are really desperate, because it is kind of admitting that they cannot cope—it is admitting to a deficiency of their own. So the system has to be more proactive, in a sense, to try to discover what the issues are and not expect them to emerge sufficiently early to do something or support a situation. It is a vulnerable and emotional area.

Ms HALL—So, if you are talking about expanding the role of GPs, GPs being very aware of the stresses and tensions for a carer means they could be the key people.

Prof. Boldy—Yes, they could well be—supported by the practice nurse or social worker or whatever. That is the other aspect that has always surprised me, coming to Australia 20 years ago and knowing the UK model: apart from the kind of community GP or family GP model which is much more the model in the UK than it is here, there is also more of a team approach. That is what is happening in the UK now—you have primary health care teams. I believe that you have just been looking at that.

Ms HALL—Yes, I have.

Prof. Boldy—I like that model very much. I do not think general practitioners are happy being managers and running practices, because that is not their training. But we are a fair way away from that model here. Maybe it would not work; maybe we would have to look at a different kind of model—I don't know.

Dr Clarke—And the health of carers themselves is very poor, because their priority is to look after the people that they care for, and that is another issue.

Ms HALL—Do you think that our approach when we are actually dealing with an older person who needs care and support is person focused enough?

Prof. Boldy—The short answer is no.

Dr Clarke—No.

Prof. Boldy—It is often very paternalistic. It is often done through a relative—people talk about putting their mother into care or deciding for someone. A lot of decisions are taken on behalf of older people, because it is seen that they are really not able to make the decisions themselves—‘We know what’s best for you, mum.’ It is a kind of abuse, in a sense.

Ms HALL—That is going back to stereotyping and age discrimination; all those issues come into play.

Prof. Boldy—Yes, it is, and that is not going to be simple to change.

Mr MOSSFIELD—I think one of the important things about keeping people healthy as they approach retirement age is that they remain in the work force for as long as possible. I use my own experience, I suppose—I am in the age group that we are talking about, of course.

Prof. Boldy—I am close.

Mr MOSSFIELD—I have a trade union background, and I am pleased now that the ACTU and employers are actually talking about the possibilities—what needs to be done to enable people to continue beyond what we always thought was the normal retirement age. One thing that I have picked up from other sources is that one of the important points of healthy ageing is to keep people on their feet and stop them from tumbling over and breaking limbs, because it appears that that is the time when things start to really get serious. I am sure that some good points will come out of this inquiry, but just as a starting point I was wondering what you would see at the moment as the current situation relating to ageing in Australia—maybe you could tell us about some good points and some bad points. What I am worried about is that we will move on to some really good ideas and leave some of the problems we have got now still there. I could expand on those.

Prof. Boldy—Perhaps we could take employment for starters. I have always thought it absolutely crazy that one day you are working full time and the next day you are not working at all. That never made any sense to me. So some kind of phasing from what has been a very important part of life—particularly for men and, increasingly, for women—into a very different part of life is needed. Until recently, the planning for retirement has never been very good. You work until you are 65 or whenever, and you stop. So being able to be much more flexible about the extent to which you phase out of full-time employment and into ‘full-time retirement’ is a key issue, I think. That is from the individual worker’s perspective. From the economist’s perspective, of course, if we do not encourage people—or provide opportunities and make it worthwhile and interesting for people—to continue to work, we are just not going to have

enough workers for the system. So there is an economic imperative as well as a social and personal imperative.

Whilst you have some physical jobs of course that are perhaps more difficult to continue beyond 65, your brain does not seize up at 65—or at least I hope not; I have three years to go before I find out. I have no intention at this stage of retiring at 65. I do not rule out the fact that I might want to scale down my working activity, but I think and hope that I have some wisdom that I have acquired over many years working in the academic field that maybe still has a role to play in terms of advising PhD students and so on into some future. So I can see a change in my role. We do not have many situations, where for physical hardness of the job reasons you need to think of leaving. But, in those cases where you have—I guess we still have some steelworkers, miners and pilots out there—maybe for some people retiring at 55 or even phasing out is still an option. We need to make it so much more flexible in terms of our retirement opportunities and work expectations.

Dr Clarke—We do not have any historical knowledge here, because the retirement age was set at the average age of death for men—so you were expected to work until you died. So we have not given it very much thought. The Canadian, David Foote—he is actually Australian—was here a few years ago. He talked about trading senior and junior positions and having a job that was shared between a potential retiree and a junior worker for three days and two days, then four and one and eventually swapping the days over time. He presented some very interesting models, which are incorporated in Ontario, apparently. But I guess it gets back to that idea of work taking responsibility for healthy lifestyle options and expanding the role of who is responsible for you being well and continuing to be able to participate, whether in work or in the community. How we do that comes back to the very basics of building, office and home design—and urban design in terms of neighbourhoods.

Mr MOSSFIELD—I will just highlight some of the problems that have come to me through my work as a local member. One of the issues that are there now for elderly people, who may sometimes be living on their own, is maintenance of their house. That is a big worry, particularly for women living by themselves. I had another example where a chap was living by himself in bad health, and his neighbour, who was a young person, went in and is now helping him—where would that person be, without that neighbour? I had another person and her husband had had a stroke and she was having a lot of difficulty getting assistance. The other big thing that I have found at the local level is the public housing where people with all sorts of difficulties are placed in the one unit—you have got aged people, people with drug problems and people with mental problems, and that is very stressful for the aged. They are the problems that come through to me as a local member.

Prof. Boldy—When you were talking, I was thinking about segregation versus integration. I have seen some very interesting models: for example, in Sweden you can have an old person's kind of environment integrated with a children's kind of environment, so that the child day centre is also the aged person's social centre at some other time. So there is the benefit of some kind of integration—it is not quite integration, but it is kind of more of a living with each other; it is not segregation. Typically, older people do not necessarily want to live on top of younger people but to be part of things and to observe—and to see children is part of a normal existence. So I think much more care needs to be given to design. Traditionally in Australia, there have been these large retirement villages—the three-tier independent hostel nursing home. That is a

model for some people, but I do not think it is necessarily a model for all that many—and less so now. We still tend to kind of plan by waiting lists, and you can only wait for what exists. It is like the argument that of course we need more nursing homes because there are lots of people waiting to get into nursing homes from hospitals. That is a very narrow interpretation of need: if there was something else to wait for instead of nursing homes, maybe people would be on waiting lists for that. That is just a pet hobby horse of mine.

You made a comment, Frank, about the neighbour who was supported by a younger person. There is a model in Israel I saw once that had older people living on the ground floor—this was more like a tower block; I think it was a four-storey block—and younger families living above. That created the kind of easy mobility issues on the ground floor and so on, but there was a more normal, healthy interaction between younger and older people, and some mutual support took place—like in terms of shopping. But also some of the older people would be babysitting for younger families.

One example I can give from my own personal experience is from when I lived in the UK. Unlike Ann, I get on well with my mother-in-law, and she and my father-in-law actually came and lived with us in the same house. It was a big enough house for them to have their own kitchen—their own part. Both of us were working, and we did not have to worry about babysitting. Their support for us was much more beneficial than our support for them, in a sense—much more mutually supportive things can happen between generations, if you provide the environment or the opportunity for them to happen.

CHAIR—In the paper that you have given us, you talk about social isolation, and that is a theme that has come out in the public hearings and in other submissions. Do you have any initiatives or ideas on how to address social isolation?

Prof. Boldy—We are doing a research project at the centre now looking at the link between social isolation and loneliness and potential interventions to minimise loneliness. It is quite complicated, in terms of what else you want to try and measure—to try and understand the link between them. Of course, social isolation does not mean you are lonely. Loneliness is a feeling; it is something to do with you as a person. Being socially isolated in terms of living with or without someone contributes to that, but different people experience loneliness very differently in terms of their actual social contact. Is that related to depression, is it related to the make-up of a person—the hardy personality, the introvert or the extrovert? So actually working out what you can do about it is very complicated because you have to understand where someone sits in terms of what causes them to be lonely. It may not be because they are socially isolated; it may be because of depression, and all sorts of other things.

Given that, I think one solution to that lies in what we were saying earlier—having a more community kind of environment that is seen as more mutually supportive, so it is designed in a way where people interact when they go to the shops more and there is a more neighbourhood kind of concept of living, if you like. With regard to housing, in Australia we tend to go with the quarter acre block and we are separate and so on, whereas in the UK they say that everyone lives in each others' back pockets, and you could argue that that creates an easier kind of interactive supportive environment—because physically you live much closer together in many European environments than in Australia. We are not going to change that, I guess. People are

still going to want their quarter acre blocks. So I guess we have to look at what we do, given that that is a fact.

It is not going to be easy. People still get in their car and drive to the shopping centre; they do not walk down there. I lived in a village in the UK and I walked down the street; when I go back 20 years later and walk down the street, someone says, 'Hi, Duncan, how are you going?'—and I have been gone for 20 years! I lived there for 10 years. I have been 20 years in Australia and mostly in the same area of Perth, but my contacts here are not through that: they are through sporting clubs, work and other things. What I am trying to say, apart from rambling on, is that it is not going to be easy to solve the issue of social isolation, and the Australian environment does not help in a way.

Dr Clarke—Generally we have very poor models of engaging older people who are well enough to get, say, to the local primary school. An older person wanting to volunteer to assist with the initiative in Perth called the Walking School Buses—where you walk on a planned route to school and parents hold hands and make appointed stops, so you meet the Walking School Bus—cannot be accepted, because they are not a parent. They cannot be a bus walker unless they pay \$40 or \$80 for a police clearance and all of the other checks and balances that are put in place because of stranger danger and all that other stuff. So older people cannot become involved because we have these other things. I am not saying those are not very important, but we need to work out ways of involving older people that reduce the possibility of their having to come across all of these barriers to participation before they have even got out of the door. Older people who can work in primary schools and do volunteer face these barriers. I use the example of primary schools because we are going to have as many primary schoolchildren as older people, and yet older people do not go onto primary school sites generally speaking at all.

We need to look at ways of engaging them. We are running another project looking at how community walking groups might reduce social isolation and whether or not that in fact does change your perception of that and also whether or not it changes your fear of being in the street. Fear is always listed as something that prevents people from going outside but, of course, because no-one is outside everyone is scared when they get there. In Perth it is very rare to see people—you have those few people who do walk, but for the most part those who do not do anything believe that it is dangerous and scary out there. The primary school, like the children's day care centre, could easily be used as a better focus for engagement with older people.

CHAIR—Thank you. Could I also ask for the title of the paper on physical activity which you referred to?

Dr Clarke—It is *Physical activity patterns of Australian adults, Armstrong Bauman and Davis, August 2000*.

CHAIR—Thank you very much. Thank you very much for coming and speaking to the committee. We have found the evidence very helpful.

[10.15 a.m.]

TAPPER, Dr Alan Donald (Private capacity)

CHAIR—Welcome. I remind you that the evidence that you give at this public hearing is considered to be part of the proceedings of the parliament. I therefore remind you that any attempt to mislead the committee is a very serious matter and could amount to a contempt of the parliament. Would you like to make an opening statement before I invite members to proceed with questions?

Dr Tapper—I am happy to do that. Have you read the papers I sent you?

CHAIR—Yes, thank you. We have them attached as well.

Dr Tapper—I will give you a very brief summary. The focus of my interest is on the concept of intergenerational equity. It seems to me that the report, though it became known as the intergenerational equity report, really was not about intergenerational equity—which I define as equal treatment for equal generations. I made a submission based upon the research I have done over the last five or more years into the question of the comparative treatment of different generations by public policy in Australia. It does seem to me that that question is a very central one for your project.

CHAIR—Yes.

Dr Tapper—My research comes up with some fairly radical conclusions, namely that there are massive generational differences in Australia—though I should say that even greater generational differences have been found in other places in the world where this has been studied—and that those differences are not what people imagine they are. They are differences between people born between 1920 and 1940 and people born after that time. The size of those differences is very great. They strongly favour people born in the 1920 to 1940 bracket, and I can say more about that.

Another way of putting the same point is that today we live in a society that is strongly orientated towards the elderly and seriously biased against the young, which is as I see it a huge turnaround in public policy in the last 50 years. For 20 or more years after the war, public policy was focused on the young. Gradually, almost imperceptibly, this changed and now the basic assumption of public policy is that we have a duty as a society as a whole to support the elderly—we take that for granted, as though it were obvious—but not to support the young, though we like to believe that we do that as well. My contention is (a) we do not support the young, and (b) we support the elderly more than is necessary. It seems to me that what we have is a system of upwards redistribution from the less well off to the more well off. I say that because that is the result you get if you count everything—not just incomes, which is what the welfare state has classically been focused on, but assets and other factors that ought to be taken seriously. I say that on the basis of not just my own research but also the best piece of work done in Australia on this sort of question: the study by Peter Travers and Sue Richardson in a book called *Living Decently—Material Wellbeing in Australia*.

I guess the policy question is: how do we strike a balance between the claims of the young and the claims of the elderly? It seems to me that the sort of sustainability that your inquiry is seeking could very easily become an inquiry into how we can promote the claims of the elderly, but my main point is that I deeply hope you will not forget the claims of the young, because a sustainable society is a society that takes an interest in the younger half of the population, because that is where its long-term future lies.

A secondary proposition of my argument is that, in the same time in which we have seen a radical turnaround in policy from favouring the young to favouring the elderly, we have also seen a dramatic fall in the fertility rate from 3.5 children per woman to 1.7. That does not appear to be levelling off. That too is a problem that we see in every modern society. It is a problem that is, again, far worse in other parts of the world than it is in Australia but, if we are looking over the next 40 or 50 years in Australia, it is time we took that issue seriously. We need to do something to make sure that we do not fall so low in the fertility rate that the problem will be irreversible, which I believe it has become in some places, like Japan, Italy and a few others. That sums up what I am generally saying.

CHAIR—Thank you very much. What sorts of things do you think would be needed to see that there is intergenerational equity in Australia?

Dr Tapper—A strict interpretation of that concept means that you would have to track people over time. You would have to track cohorts over time. That is what I have been trying to do. You would have to ask a typical person born in 1960 what their lifetime experience of public policy is going to be, or you would have to ask a typical person born in 1930 what it has been over their lifetime. We do not do this. We do not have any mechanism for doing it so, as a result of not having any strategies for that sort of analysis, we have had these radical differences. I think my claims are based on the research I have done. I do not know of anyone else in Australia who has done this kind of research. It is not built into the public system so that anyone like you can access it, but it is a measurement question. I think we understand the concept of intergenerational equity fairly well. What we do not know is how to tell whether we have actually achieved it or not.

CHAIR—In your submission you said that, after the Second World War, child rearing was massively subsidised and that today's supports for children are about a 10th of what they were per child in 1950. What were the subsidies and supports for child rearing?

Dr Tapper—Many people seem to have forgotten this but, if you had a child in 1950, you paid virtually no tax. If you had two, three or four children, you paid negative tax. It was largely done through the tax system, and that is why it is not so obvious, because historical analysis tends to look at the expenditure side rather than the revenue side. My claim in that figure is based upon an analysis of both the taxation side and child endowment, maternity allowance and those sorts of things that existed at that time, which were gradually withdrawn or held at a fixed rate. The figure you just read, which is verifiable in other countries as well, stands out so strongly because it takes seriously the taxation side of this.

CHAIR—So it was done through the income tax system?

Dr Tapper—That is right.

CHAIR—If people had one child, they would not pay tax and for more than one child, they would get a rebate, if you like.

Dr Tapper—They would get rebates and deductions.

CHAIR—I was not aware of that.

Ms HALL—Also there was the bonus when a child was born, and child endowment was a lot more generous, even though it was very small.

Dr Tapper—It was small but, as compared with wages at the time, it was quite significant. All of that taken together added up to a very substantial system of support.

CHAIR—Other people have looked at the fact that the number of people aged over 65 is going to double over the next 40 years and said that this is no real change in the dependency ratio, if you like. That is because, 50 years ago, one breadwinner supported perhaps five or six people and, in the future, there might be two taxpayers supporting about the same number of people. Do you have any comments to make on that?

Dr Tapper—Yes, I certainly do. That is a very misleading analysis. The reason for that is that elderly dependents are different from young dependents. The observers you mention do not see such a large change in the dependency ratio because they simply lump together the two sorts of dependents. If we had a society where the proportion of young dependents remained stable over time—which is what I think we need to have if we are to be sustainable generationally—then that analysis would fall down, so it seems to me.

Ms HALL—I found your paper very interesting and quite challenging, too, in some ways. It looks at things from a different perspective from the way we in the committee have looked at things to date. When I was writing down the things I wanted to ask you about, the thing I wrote down first was in relation to the decline in the birth rate and the implications of that. You also picked up on some of the issues with the lack of support for young people to encourage them to have children. Do you have any suggestions for strategies that, as a government or as a nation, we should be looking at putting in place to see if we can turn around that decline in the birth rate?

Dr Tapper—Luckily, you are the politicians and I am the policy person. The thing that changed over those decades was that we gradually came to expect families who were raising children to pay the same rate of tax as people who did not have children. There is a slight difference, but it is very small. The effect of that is that the taxation taken from families with children is, essentially, transferred to supporting the elderly. At the same time, firstly, those families are bearing the costs of looking after children; secondly, they are at an early stage in their careers, typically; and, thirdly, they are at an early stage of building up their assets and developing a home. So the proposition I am putting is that we have simply put too much financial pressure on people at a stage of life where they are not able to sustain all of that. To me, that would be the most obvious and most central explanation for why the birthrate has fallen as it has. To reverse that, you would have to reverse those policies.

Ms HALL—Do you think the fact that, with young people now, both partners in the relationship are working has contributed to the decline in the birthrate? Does that also link to support and availability of child support?

Dr Tapper—You will have to excuse me, but my views on this are even more extreme.

Ms HALL—Please share them with us.

Dr Tapper—Part of my general view is that there has not been a radical revolution in women's work. Pretty well everyone believes there has. But the very short argument for this is that we do have figures on the average number of hours worked by women in 1965. The average hours for women of work force age in 1965 was 13 hours per week. Ask yourself what you think the figure is today, assuming there has been a radical change in women's work. Most people, when I ask them, say, 'I suppose it must be around 30 hours per week.' The answer is 16, so the supposed revolution is not a verifiable claim. It is not only my research that puts this point, but Bob Gregory has argued this in recent times as well. So the claim that you were making, which is a very plausible one on the face of it, namely—

Ms HALL—I am not making any claims.

Dr Tapper—Okay. The hypothesis you were putting was that, if there has been a radical change in women's work force participation, that would detract from their ability to be raising children, which is quite plausible in itself but does not fit with the facts that we have from over 30 or 40 years of tracking women's work force hours. The thing that confuses this debate is that we look at women's work force participation.

Ms HALL—Exactly. The other issue is the changes in work per se—casualisation and a couple of other issues—that the type of work has actually changed over the years.

Dr Tapper—The big growth in women's work has been in part-time work. That is pretty much clear.

Mr MOSSFIELD—We probably all agree with what you are saying about the situation relating to young people and young families. I think that rings a bell with us all. Probably what does not ring a bell is your statement that public policy favours the elderly more than necessary, because, as members of parliament, we all continually come across the difficulties that ageing people are having. There are obviously some wealthy or better off older people who are adjusting to age well but, beyond them, there are still many problems. Could you tell us where you think the public policy is favouring the elderly more than necessary.

Dr Tapper—Firstly, I preface it by saying that, as compared with other countries, Australia has the leanest and meanest age policy system perhaps in the world. So, on the face of it, if you compare us with anywhere else you would reach the conclusion that we are far too ungenerous towards the elderly, but there are various reasons supporting my position. One is the Travers and Richardson study, which compared living standards, not income, generally of different age groups and found that the elderly are certainly markedly better off than families with children and better off than the average population. The figure that they present is in one of my papers

here, and I can check that for you. The first proposition is that, in general, the elderly are better off. That does not mean there is not a subset that might have difficulties financially.

Secondly, it is certainly true that public policy basically redistributes to the elderly. The proof of that proposition is in an ABS fiscal incidence analysis carried out twice in the 1980s which reached the same results. If you classify the population into age groups, the transfer that takes place is essentially from those under 60 to those over 60. That chart is in my book *The Family in the Welfare State*. If you wanted to check that, I suggest that you see what Ann Harding at NATSEM has to say on that. I think she could verify that for the 1990s. I can only speak for the 1980s, but my view is that these things are very stable at the time.

Mr MOSSFIELD—Is that general research really blocking out the real problems out there? If we accepted that, we could say, ‘There is no need for us to come up with any particular recommendations; everything is reasonably okay.’ But that is not the case in the real world.

Dr Tapper—It depends on how you interpret the concept of ageing. What I think your inquiry is about is not the elderly as such but the whole system, and the concept of ageing can be taken as the tendency for us to live longer; it can be taken as changes in dependency ratios, which you have good evidence on; it can be taken to include the fertility question, which I think is a serious issue and should be taken as part of it; and it can be taken as my idea of a cohort analysis of lifetime gains and losses. What you call the elderly is actually the generation born between 1920 and 1940, my mother’s generation. As my research shows, that generation has been hugely favoured over time, so much so that later generations are going to have to work—

Mr MOSSFIELD—You call them the interwar generation.

Dr Tapper—Yes. Later generations will have to work 10, 15 or 20 years more than that generation did in order to maintain the same general share of living standards.

Another thing that confuses this debate is that living standards rise over time for everyone generally, but they have risen much more rapidly for people of certain birth cohorts than for people of later birth cohorts. If you are concerned about serious economic and social disadvantage, I would prioritise disadvantaged young families way ahead of disadvantaged elderly, even though there is a case for some elderly people being in need a special support. You just have to look around our suburbs to see that there are plenty of pockets of people with economic problems, family relations problems and employment problems, and those are major issues for us in all aspects of our social life. So I guess I would say certainly there are some questions of assistance to the elderly that need to be taken seriously, but a lot of it strikes me as what you can almost call, to use a different term, the worried well. It is not on the same scale as what you see in areas of serious disadvantage, almost all of which is the problems of families with children.

CHAIR—I want to ask about the baby bust generation born after 1965, whether they are very bearing a greater burden by supporting their children, paying higher taxation and supporting their own retirement through superannuation contributions as well.

Dr Tapper—It depends on who you are comparing them with. There are three generations: the interwar generation, the baby boom generation and the baby bust generation. It is very clear

that there is a radical difference between the interwar generation and the second two generations. If you compare the baby bust generation with the baby boom generation and ask yourself which of those two is going to be better off over their lifetimes, the answer probably is that it is too early to tell because people born after 1965 are today only 35 years old and you cannot very well project for the next 30 or 40 years how things will work out for them.

To take up your point about needing to support themselves through their older age, I think that is going to be something that will apply to everyone born after 1950 anyway—though that is still a bit of an unknown. It could go one way or the other. It could be that the baby boom generation, being so large, will compel others to support them in their old age—which would be I think undesirable because unfortunately that would be compelling the baby bust generation to pay for their costs, which it will not be able to afford to do.

Ms HALL—I agree with some of the things that you are saying. I think that, if you do look at the way the system is geared, if you are just looking at the welfare system, you need to agree with some of the things that you are saying. Look at the changes to Medicare that were put forward yesterday.

Dr Tapper—That is right.

Ms HALL—I know exactly where you are coming from.

Dr Tapper—Those changes really stand out. Basically, they quarantine the elderly.

Ms HALL—Yes. We do need to look at some of these issues. I think the declining birthrate is one thing we have to really get our minds around, because if that continues then there are going to be enormous problems in the future. But there is always going to be a form of intergenerational cross-subsidisation, and the ones who are young now will benefit later. I can also see that it has changed in such a way that the ones who are young now will not benefit in the way that the interwar generation has, so there is going to be an inequity. We have to look at our terms of reference from the perspective of more than just providing welfare type support and try to bring about a change in mind-set in the way we look at ageing and the whole concept. We really have to push the boundaries of everything we are looking at. In that way, I think you have added something that we have not had.

Dr Tapper—You are politicians and I am not, so I can say these things comfortably without any sorts of repercussions—nobody will take me seriously! If you were to say these sorts of things, what would be your chances of re-election?

CHAIR—That is a good question.

Ms HALL—It depends on how you say it, too, I think.

Dr Tapper—It does depend on how you say it.

Mr MOSSFIELD—You cannot say anybody is well off, for a start, because that does not win votes.

CHAIR—In what you have described as the shift from the youth state to the elder state, what do you see as the perhaps unnecessary elements of the welfare state? That is the implication I drew from it.

Dr Tapper—Let us start with the assets test. The Australian assets test—I have the figures in one of those papers—appears to be an assets test, but what proportion of that age group fails the assets test? I think that very few could possibly have accumulated the assets required to fail the current assets test. So I do not know the answer to the question. I just look at the figures and say, ‘That’s a very high figure: for someone to have accumulated that much money on top of the value of their house.’ So there is one starting point. I think an assets test is a fair and reasonable requirement but, as it stands, does not seem to be doing much work.

I think currently about 75 per cent or 80 per cent of the population who are over the age of 65 receive their income from transfers. But typically they are sitting on very considerable assets. Policies which would encourage them to convert those assets into liquid form and use them as their main way of supporting themselves—such as reverse mortgages—would be something your committee could encourage. I am not sure where we are at with that type of thing. It has been talked about for the last five or 10 years but it does not seem to me to be taking off. The reason it would not take off is: if you liquidate your assets and use them as your income, aren’t you reducing your eligibility for a pension?

CHAIR—I am not sure about that interaction.

Ms HALL—It would depend to what level you did it.

Dr Tapper—There is a certain allowed income. Those are questions I think we could look at.

CHAIR—The prediction in the Intergenerational Report was that the growth of Commonwealth expenditure on aged pensions would be of the order of two per cent of GDP. That was below the OECD average of three per cent, and well below some countries like Canada and New Zealand, which were predicted to grow at about six per cent of GDP. Putting those facts together, is it necessarily a bad thing that the baby boomer generation is now going to have some compulsory superannuation and perhaps private savings on top of that, which will reduce the reliance on government expenditure and their dependence for an aged pension on the generations that follow?

Dr Tapper—I think that compulsory superannuation is necessary in any modern system. It is necessary especially because we have these sustainability questions. Unfortunately there is a sense in which that system is not equitable—that is, the current elderly generation were not required to do the sort of thing, so on what grounds can you expect later generations to have to do it? That inequity is real, so the policy strategies that are needed here are, firstly, to insist on the need for compulsory superannuation and, secondly, to insist that the current elderly bear their share of the costs of old age. It seems very inequitable that people who are currently raising children have to participate in compulsory superannuation while at the same time they have income transferred away from them towards the older generation of today. You cannot have all three at once: that does not add up.

As far as comparisons with other countries go, I have said a bit about that before. I think they are in much deeper trouble than we are. We can be pleased that our system, although probably through good luck rather than good management, has not got into the severe difficulties that their systems have got into. One thing politicians can do is simply make that point more generally understood—that we should be proud of the fact that we are lucky and keep on holding the line as far as we can. But I do not see us holding the line; I see us, as with the Medicare announcement about changes from today, letting the line slip.

Mr MOSSFIELD—You have in a way answered the question I had in mind to ask, but are the proposed changes to Medicare—where you have said the elderly are being quarantined—an example of what you tell us in this paper about public policy favouring the elderly?

Dr Tapper—Yes. That is the easy thing for a politician to do because, while you will get complaints from young families that they are having to bear a larger burden—and that is true—they are a far less effective lobby group than the older population, who by and large do not understand how policy has favoured them. Occasionally I have had the chance to speak to groups of older people on these issues, and you get two sorts of reactions. One is a sort of uproar, which is because they simply do not understand them; and the other is, ‘Yes, you are right; if you think about it, things have gone very well for us,’ and they do see their children and grandchildren as having to deal with difficulties that they did not encounter in their own lives. It depends rather on the size of the group: the smaller the group, the more intelligent the reaction; the larger the group, the more the sense of ‘society owes us something’, in which they are I think seriously mistaken.

CHAIR—There being no further questions, we thank you very much for your submission and also for giving evidence today.

Proceedings suspended from 10.52 a.m. to 11.37 a.m.

SILCOX, Dr Shayne, Chief Executive Officer, City of Nedlands

STANTON, Mrs Deborah Jane, Manager, Community Access, City of Nedlands

TURNER, Ms Susan Marie, Manager, Community Services, City of Subiaco

CHAIR—Welcome. I remind you that the evidence you give at this public hearing is considered to be part of the proceedings of parliament. I therefore remind you that any attempt to mislead the committee is a very serious matter and could amount to contempt of the parliament. Nedlands City Council has made a submission, submission No. 47, to the inquiry and copies are available from the committee secretariat. Would you like to make an opening statement before I invite members to proceed with questions?

Dr Silcox—Yes, but only about how we became aware of the standing committee and the work that it was doing. The Western Suburbs Regional Organisation of Councils, WESROC, had done some work in relation to positive ageing. We passed that information forward, and that has led to us being before you today.

CHAIR—What do you, as a local government, consider to be the key issues that promote positive ageing?

Dr Silcox—One of the key issues for the City of Nedlands and, I suppose, in broad for the western suburbs is that—I could be corrected here—I believe the City of Nedlands has, per head of population over 65, the oldest or one of the oldest populations in Australia. That in itself brings with it a number of considerations unique to our local government. Many of the issues we are struggling with at the moment are that we have, as you know, an ageing population. That population wishes to reside in the western suburbs; however, they would like to capitalise on their major asset, and there is a problem associated with that. They are looking for alternative types of housing and, in relation to that, the offering of alternative types of products and services. Because of the significance of it, the Western Suburbs Regional Council, which I chair, undertook a positive ageing study. The study came forward with a number of recommendations, which we are progressively working through.

A number of issues I suppose should be covered. Nedlands, for instance, has the largest proportion of retirement type villages or retirement accommodation; however, 70 per cent of the waiting list comes from other places in the metropolitan area. So the lack of facilities elsewhere is causing a problem in the western suburbs for our own residents to get accommodation within these facilities in the western suburbs. In addition, there are also problems associated with the delivery of products and services in a coordinated way. More specifically, with the push particularly in Nedlands, if you are reading the papers at the moment, there is the issue relating to what are core services of local government as well as a push away from activities like these into more roads, rates and rubbish. That, for my liking, is a considerable turn away from what local government should be providing. So there is this issue about who should be providing these services.

Also insurance now causes us a major problem. Where we were offering products and services before, we now find that we have to stop offering those products and services because we cannot ensure that the people who are turning up are going to be of the appropriate type for elder residents to use. So we have had to stop offering certain products and services. That is a scatter-gun answer to your initial question. But there are a number of particular issues in relation to transport, which is one of the recommendations of the positive ageing study.

CHAIR—Is public transport largely a responsibility of the state government? As a local government what sorts of things are you able to do?

Dr Silcox—Essentially we can do whatever the councils decide. Whatever products and services they determine to be in, the debate then ensues in the community about whether they are the appropriate ones. But if we take transport, for instance, we are exploring whether there can be a service for the regional suburbs to help transport seniors more directly than using existing public transport—which, in a way, in the western suburbs is not necessarily the best.

Mrs Stanton—That is an important point, and it brings up the need to have a better network between federal, state and local government levels to plan on this cohesive seamless basis. People at ground level do not care which level of government provides these services. Local government can be the service provider at their level, but we need a better network with state and Commonwealth funding to provide those services. We are starting to get that with the volunteer resource centres of the Volunteering Secretariat in the state of Western Australia, which is another important issue in this whole document. The people in our area particularly are relatively affluent and can retire earlier, so we have this baby-boomer issue. Fostering a positive community of development can be done through providing quality volunteering opportunities but local government, as Shayne has said, does not have the funding to do this.

So there is that whole strengthening of networks between the levels of government. The HACC program is Commonwealth-state funded. But we want to focus here, particularly with positive ageing, on good health and encouraging people to interact and keep on interacting in their community. There are those sorts of important issues. For our recommendation on transport, we are liaising with planning and infrastructure to see what can be worked out between state and local government. In this we are looking more for a strengthening of networks—not so much for ‘this is your responsibility, this is our responsibility’ but that we are planning for the community, and that involves lots of different levels.

Dr Silcox—Establishing partnerships.

Mrs Stanton—Absolutely.

CHAIR—What sorts of things can your group of councils do to foster a sense of community?

Dr Silcox—The debate that is starting to emerge now is on the issue of creating social capital. That has been lacking in local government’s strategic planning and mind-set for some time. Its origins obviously were in roads boards, and the provision of infrastructural assets has been the dominance of local government, but at the end of the day you need to stand back and ask what outcome you wish to achieve from the provision of these assets. It is about good communities and communities that are well networked and well linked. That is something that has not been

considered in any great depth. There are a number of studies which are ensuing now—Subiaco have just called for tenders in relation to looking at creating social capital in their own area; the City of Nedlands has developed a wellbeing plan to look at those broader issues in the community more along the lines of what makes people happy in their communities other than driving on roads and walking on paths and in parks and the like. That did not quite answer your question because I really do not have the answer. All I can say is that creating social capital within local government is a growing issue.

Ms Turner—We would see from local government that any assistance or further development or volunteering would certainly assist in that social capital, and communities helping communities and fostering the greater wellbeing that we are seeing at the moment. I would have to say that in the areas we work in the western region there is a good degree of volunteering. However, in the future—in terms of the baby-booming era being upon us—that volunteering needs to be much more further developed and embraced within the community. In working with state governments and, to a larger extent, Commonwealth government, we would share the greater impact in that area.

Ms HALL—Dr Silcox just mentioned a couple of programs at each of your councils. Would you like to tell us a little bit about them, please?

Ms Turner—I will pick up on the social research, if it is the particular one you are wanting. The City of Subiaco is very interested in gathering information and having a look at the aspirations of the local community. We have called for consultants, and we are about to appoint one, to have a look at aspirations of our community. That includes the residents, the visitors to our community, our business community and some of the major institutions that are in our region, such as the UWA and a number of large hospitals. Hopefully, from the recommendations from that research, we would then start to look at hanging some of our particular policies and services that we would be providing and funding from local government into those areas. At the moment we do not have an overarching policy, an overarching view or an overarching understanding of the aspirations of the community at large.

Mrs Stanton—We are just finalising a community wellbeing plan, which embraces a number of community development activities. We already run a substantial number of community events et cetera. But the beauty of this community wellbeing plan is that—and I think this is a very important part in developing communities—the information we gather from the usual reporting indicators we are going to put into a community scorecard. That scorecard will inform the community in a very simple way of how we are going in developing this. I think one of the main things in keeping communities together is information and the access to that information et cetera. So the community wellbeing plan will have strategies in it obviously to foster community wellbeing. It will also be informing people of how that wellbeing goal or objective is being achieved. On the other side of that too we have a community consultation plan which we are bringing in for the council so that in all areas of council—environmental services, technical services, whatever—we make sure that we are consulting with the community and planning with them. In developing the community, you really have to try to partner with them. In the past, perhaps, councils have said, ‘We know what’s good for you; we’ve done an annual survey.’ Another community development tool that we are looking for is to engage with the community.

Ms HALL—How do you see yourselves doing that?

Dr Silcox—Through these consultation procedures; we have a whole complicated typical local government matrix. It would be through citizens' juries and simple information dissemination mechanisms. We have just launched Community Conversations, which we hold in our precincts. A councillor runs the session, senior staff are available and people can come along and talk about their concerns in an informal, non-confrontational sort of way. They do not have to feel that they get to council and have to be aggrieved before they can be heard. So there are all sorts of techniques in that consultation plan at different levels and for different types of projects to encourage the community to consult with us.

The other side of the process is that we feed back to the community in a loop. It will be tied to the whole of what we do in the City of Nedlands. As we redevelop our Internet sites, communication components will be involved. Our libraries, particularly in Subiaco and Nedlands, are very adept already at training seniors in how to use the Internet and in making free Internet things available et cetera. We will probably end up with a WESROC community information module available in all of our libraries, because we run a shared library software system. So people—and it does not matter what their age—will be able to come to the libraries, which are traditionally where you find help from helpful librarians, and find out what is going on in their community. I do not think it is a matter of doing anything extraordinarily special that nobody has ever thought of before. What we are trying to do is integrate these into a program that provides feedback to both people participating and councils so that we do engage in this flow.

Ms HALL—Going back to your study, you have identified the WESROC study as having three main aims. One of them links in a little bit to what you were talking about then, which is:

... to identify what sort of community today's seniors want and what sort of community 'baby boomers' want as they become tomorrow's seniors.

How are you going about getting that information? Are you engaging seniors and baby boomers in the collection of that information and, if so, how?

Dr Silcox—Seniors were involved in the data collection process to get to this stage.

Ms HALL—How were they involved?

Dr Silcox—A number of workshops in relation to that were called, facilitated and worked through. In addition to that, most of WESROC undertake what we call community surveys on a regular basis for performance measurement along a number of criteria. Some of those are looking at satisfaction with current products and at new products and services. In addition to that, we have started recently community consultations where the executive team of the local government goes out into certain areas in the community, talks about key issues that are happening in that local area and then opens it up for people to ask questions about anything in their local government.

Ms HALL—How many people would you get at those?

Dr Silcox—It is new; we had about 50 who came to the last one, so it is a reasonable representation.

Ms HALL—That is good.

Dr Silcox—We were quite happy with it. On the basis of that, we will continue the process. In addition to that, we are working through a number of the recommendations associated with this, which means that we have to liaise and consult with a number of different bodies to try and achieve that. I suppose the thrust of this is about local governments partnering to deliver appropriate products and services in a cost-effective way. It is also about partnering with different spheres of government, so that it is no different from the sustainability debate. Local government is involved in that and now there is a department at state level looking at sustainability issues; I think this is no different from that. We are the service provider but also we have to fund it. Local governments' funds are very limited, and there needs to be a coordinated approach so that all funds—Commonwealth, state and local—are best used to deliver the best outcomes.

Mrs Stanton—It may be of interest too that, when we were doing the initial consultancy, a member of our team was a project officer with the Office of Seniors Interests. That is another example, as Shayne is saying, of us building up these networking interactions.

Ms HALL—I notice that half the forums came up with recommendations for creating an age friendly community. What types of issues were identified as creating an age friendly community? What types of things were needed for an age friendly community?

Mrs Stanton—The big thing is accessibility. If you want people to stay in their homes, if they are not well aged, they need good accessible infrastructure. If they are well aged, they still need accessible infrastructure because chances are they might be looking after their grandchildren as well, plus they need a community which is safe. That is not to say that our communities are not safe. I happen to think that in the western suburbs we live in an extremely secure area, but people have a perception that maybe it is not safe. You need good infrastructure in that environment to encourage people to be out and walking around on the footpaths and not have high walls in front of their gardens.

One of the big issues, which dovetails really well with our requirement for disability services plans et cetera, is to make sure that the physical environment is accessible and safe. Concerning universal design, we have just completed a workshop—out of one of the recommendations of the report—working with technical services directors and managers across the western suburbs to plan cooperatively for infrastructure development and ensure accessibility as much as possible across the western suburbs. That is one of the big issues in developing an age friendly community. People can get into shops and that ties with access. One of our local supermarkets won an award because of its layout and design which is great for people in wheelchairs and great also for seniors with trolleys and baby boomers with grandkids.

Ms Turner—For us in the western suburbs, what the report has crystallised is that what is good for the community is good for seniors. A number of actions that we are looking at are really about creating a community that is accessible by all. Quite logically, if it is accessible by an elderly person who has mobility issues, then it is also accessible to a mother with small

children, with prams or whatever, or younger people with disabilities. So it is really about building up this understanding of universal design and universal access. That is one of the lessons we have learned that really has focused in on one of the messages in the technical support forum that was recently held by particular officers from all the councils involved in WESROC. I think that is a very good direction and reminder to us in terms of designing particular activities or services.

Dr Silcox—I suppose it has crystallised the fact that seniors are actually part of society, and I do not mean that in a funny way. We develop products, services and infrastructure and, if you sit back and think about it, you are doing it for the community. If you go back and think about what it is, you are probably thinking about someone your own age and the issues associated with that. It makes us think, if we are planning a community event, whether we have thought about access issues; have we thought about the issues that these other people might be struggling with and what do we need to put in place? The development of the products and services that you put forward involves a whole change of mind-set, which probably was not there in what we undertook before.

Mrs Stanton—This is positive ageing that we are trying to focus on; it is not a medical model of ageing that we are interested in because I think that is catered for quite well. Going back to that partnership idea too, when you were talking about the products and services that local government puts forward, we really need to be working with sporting clubs—we have Challenge Stadium in our bailiwick—to foster these sorts of programs, which are already there for older people—

Dr Silcox—That is a tangible example.

Mrs Stanton—Exactly—to keep them healthy and keep them participating with their community. I know that we are going to sound like a broken record—local government does not have the money to do those programs, but we certainly have the connections to link with our community in publicising those and in making sure that the information is widely available. Another big issue that is coming up for us is keeping our community healthy and keeping them participating in these sorts of sporting activities, as well as the accessibility to the infrastructure. I think we are lucky that we have those sorts of links with our sporting clubs, but I really think we may need to be focusing more on developing and marketing programs that are suitable for people who are ageing.

Mr MOSSFIELD—I come from the western suburbs of Sydney and we also have a WESROC, but I do not know how the demographics of your area affect ours. You were talking on the sporting activities, and we have been discussing that this morning. It was suggested there is probably only a minority of older people who are really interested in sporting activities as such. There are appropriate sporting activities for people as you get a bit older, and some will carry their sporting activities right through life, but what about those who still want to participate and want healthy ageing; they want exercise but they do not want to participate in a particular sporting activity?

Mrs Stanton—That is a valid thing. I am using sporting as a big overarching term. I have a son who trains at Challenge twice a day. As I sit there watching, in the distance there are walking in the pool classes, the classes for arthritis sufferers and the classes for disabled people.

This is another issue. If you are disabled and you are young, there is plenty provided. What if you are disabled and you are 60 and you still want to keep fit? What is being provided for that age group? Sixty, from my perspective at the moment, is not old, but I really think we are missing providing those activities. I take your point; it is a good one. It is not necessarily sporting activity. We do not want to be dashing up and down a track running the 500, but we do want to have activities—and activities that are going on while the rest of the community is recreating, not a special seniors ghetto: ‘Don’t come to Challenge on Wednesday mornings because there are a whole lot of seniors there.’ That is the other important issue: how to integrate all these activities. I know there is a lot of thrust at the moment on intergenerational activities—trying to encourage schools to work with seniors et cetera—and I think that is a great start. I feel we are missing the point there just a little, but at least we are starting to think about it.

Ms Turner—We have learned through a particular recreation audit that we have done also in the western region that re-emphasised the fact that the trend is moving away from formalised membership of sporting groups—we hope that will dovetail into some of the recommendations that have come out of this report—and that there is a greater awareness that people will just pay as you use. Gradually there are developing particular activities that encompass sport and leisure. Tai Chi is coming to our community and is a useful easy way to exercise and enjoying being part of a group. So we have learned a little bit from other studies and understand what types of recreational-leisure activities we will be providing and what seed funding or ongoing funding we should be providing for this aspect of ageing.

Dr Silcox—In addition, and it is an interesting item that you raise, with our survey, of the two key things that came out of our community survey in the year previous to last one was paths. I suspect that there has been a heavy influence of the seniors in the Nedlands community for whom we have replaced over \$1 million worth, 30-odd kilometres, of in situ paths so that people can passively recreate and to make sure there are linkages to the parks and the like. It has been a growing concern for a number of people that they are able to do that.

Mr MOSSFELD—It is good to see those issues being addressed. Another issue which relates also to my own experiences, and you have it in your report, is accommodation and housing. It is an issue particularly for low-income people. In my area the public housing, which is administered by the state, seems to lock together a whole range of people and they do not necessarily have similar interests. The older people sometimes feel a bit threatened by some of the other residents. Is that a problem in your area?

Dr Silcox—Essentially the land values in Nedlands, probably south of Stirling Highway, are over \$800,000, so the market becomes quite homogenous just for that reason alone. The way Subiaco is going is not much different. From a recent study, they are the most educated in Australia—Subiaco was No. 1 and Nedlands No. 2. So the society tends to be fairly homogenous. We do not have a lot of that type of housing only because of the cost of providing it. We did have 170-odd state housing placements within our city. Much of the city in the very early years was established for that purpose and a number of our older suburbs were old state housing suburbs. It is not particularly an issue. The major issue that I find is that currently there is this debate in the community about higher density. In this state, the average in the metropolitan regional schemes is 20, which is two houses on the old quarter acre block on average, and much of Nedlands is the old quarter acre block. There are a number of seniors who

want to realise their asset and, as I was saying before, stay within the area. But there is a lot of the community that does not want the quarter acre block to change. That debate around higher density was quite interesting in the sense that 70 per cent through survey wanted a higher density, but councillors themselves did not have a feel. So they had community workshops, which I have a concern about because you can start to get biased data coming forward. What was obvious through that process was that it was not an environment that seniors felt comfortable in to stand up and say: this is what I want and these are the reasons I want it, when they have an aggressive young person standing there demanding: 'They have had the luxury of bringing their children up on quarter acre blocks. We should have the same luxury.' It is very hard for a senior to be able to stand up in that environment and talk about why they wanted to do certain things and what they wanted to see. I have a concern about their views being properly reflected. We are trying to move towards higher density. Subiaco is doing a magnificent job in that area with the Subi Centro and the like but, again, the pricing is very exclusive and causes a problem. However, we have huge tracts of land for railway lines that run through all our local governments that are underutilised. We see this as being something that could be very simply utilised by the government to put some form of housing there, utilising the transport nodes and also land that is not properly accommodated at this stage.

Ms Turner—In the City of Subiaco there has been a social housing policy which picks up some kind of attempt to offer reasonable housing to aged and also younger people with disabilities. Just picking up on Shayne's point, in a new development up along the railway line there have been a number of units or block spaces that have been dedicated to younger people with disabilities or for aged care. That has not come to fruition yet—nothing has been actually built on the blocks yet—however, that really does dovetail a little bit into some of the recommendations here about affordable housing in the western suburbs for some of the elderly people, preventing the displacement out of the area that actually moves them to new social surroundings which creates a whole load of social issues and tends to fast track people into government subsidised services. So we would see that part of the positive outcome of this would be that you would keep people in their local environment, within their friendship and social support mechanisms, and that it would be generally a longer time before they would access government supported services. That is one thing that the City of Subiaco is contributing towards.

Mrs Stanton—Perhaps I could just add to that. As Shayne said, one of our suburbs, Mount Claremont, was originally a soldiers estate Housing Commission development and, as the area became gentrified, a lot of those houses went. But there was a certain proportion of affordable housing that seniors live in which is independent housing, and we have pockets of retirement villages with all different levels of housing as well. They tend to be situated—particularly thinking of the ones at Mount Claremont—quite close to schools. So they have young people going backwards and forwards. I have not heard any feedback that that is threatening. I have heard a lot of feedback that they like it, and that they like to see the children out on the street. The kids interact quite well. As Sue said, it is important to have them in the area where they are most comfortable because, whilst they may access our HACC funded services to stay in their homes, they are not accessing government nursing home beds.

Dr Silcox—Yes. I think there is a misconception. I had the misconception that people got progressively older and ended up in hostels, when only seven per cent of society actually ends up there. The focus is actually keeping people within their homes. The problem we have is that

some of those are just too hard to manage and one of the issues for our seniors, as we have already said and I will not go over it in any more detail, is that they want to stay in the area but cannot because there is not the alternative housing mix available.

Mrs Stanton—One thing just occurred to me when I said that I have not heard any feedback: in the City of Nedlands we run what we call a Safer Nedlands program, which is the responsibility of a Safer Nedlands officer. He interacts a lot with seniors in our community to reassure them about their safety and security. He fits duress alarms or has them fitted and removes graffiti—the sorts of things that seniors may feel threatened about. I thought perhaps that is one of the reasons why they do enjoy still living in the community and they do not have those issues you raised.

Dr Silcox—That is a one-on-one service so that, if a senior has concerns about a neighbour, a street or anything, they will go and sit with them and talk it through and bring in appropriate bodies to support.

Mrs Stanton—And liaise with the police if necessary.

Mr MOSSFIELD—We may well have covered this with your suggestion that we need to keep people in their homes rather than have them go to nursing homes. Did you suggest that there was a shortage of retirement homes in your area?

Dr Silcox—No. In the City of Nedlands we actually have more of that type of housing than anywhere else in Western Australia. The problem we have is that 70 per cent of the waiting list is from other parts. So part of the problem is that those facilities are not being built elsewhere. It needs to be demographically thought through so that there is this mix across the state for these facilities. One of the problems we have as a local government is that, if we build more facilities, our population ages further. If we are not careful we will end up with a society that is dysfunctional in the sense that it does not have the mix of age groups and the like and becomes a very old society. It also involves maintaining that mix and renewal, but Nedlands itself has more to offer than anywhere else in the state.

Mr MOSSFIELD—What do you think the shortage is as far as nursing home accommodation is concerned? Have you any idea, across the state?

Dr Silcox—That is not my area of expertise. I am aware of the issue in relation to beds, and we are aware that a number of organisations are trying to consolidate beds by buying up units and providing them. We are aware that a number within our city are trying to get larger so that they can become economically viable. But this is really not an area of my expertise and I would hesitate to make any statement or advise this committee on something that I am really not very good at.

Mr MOSSFIELD—This question relates to my own experience. With transport—this is very important for senior people—the state government provide generally reasonably good discounts for people travelling on public transport, either a daily ticket or you can travel anywhere for a couple of dollars. But in my area the big problem is private buses. I find that people are spending three or four times more on public transport to get to the railway station than on private transport. Is that a problem here?

Dr Silcox—That is one of the recommendations that came out of this study. Subiaco have implemented a regional bus service, not for seniors but to get university students through so that they do not have to use their vehicles. Vehicle movement through our cities is an issue. Because of the location of universities, people drive through them to get to the city or to get home, or because we have a number of quite large state facilities and universities that a lot of people gravitate between. So traffic is a major issue within our city and we are trying to make them more pedestrian friendly so people do not have to use their vehicles.

I know that Gosnells actually did a study on this, which would be available to this committee, that showed that there was a definite problem in relation to perception of crime on public transport, particularly rail. There are a number of initiatives coming out now that probably will address a lot of that. But how people get to the services is a problem. Earlier on I alluded to the fact that transport is not good within the city; it was not a go at the state transport departments. The services and where they are located are a problem and their number.

We recently changed a bus route and the community was up in arms because they did not want the buses going down their streets. So there is this competing debate that goes on about having better services for seniors and youth as opposed to people not wanting those services to go through their streets. Maybe the service mix has to change. Maybe it is not the big green bus that is required; maybe it is something else. We are looking at a regional service which gets people from point to point. We are looking for state or federal support in trying to implement that initiative and we have written to the relevant state department to see whether they will partner us in that initiative, at least as a trial, to see whether there is something useful in that that could be used elsewhere as a model.

Ms HALL—We would be interested if you could provide us with details of that, particularly if you get it off the ground. I would find that very interesting.

Mrs Stanton—I think the point of it too, one would hope, is that it would not be ‘the seniors’ bus’, but your community transport bus. You do find, as Shayne said, that transport is located on the outer edges and we do not have any private bus services that operate within the City of Nedlands. So getting from point A to point B is bad.

Ms Turner—I guess the recommendation really does fit and makes it quite a practical and functional service in that we do also have a very good state bus system on the major arteries throughout Perth and the metropolitan area. But this is really complementing further those already in existing transport services, be it the rail line or the bus line. We think that it is one of the things that we have picked off as one of our priorities because we believe that it has fabulous outcomes for not just seniors in our community but the whole community. It also creates a safer community.

CHAIR—Thank you very much for your submission, for the accompanying material and for your appearance before the committee today.

Proceedings suspended from 12.19 p.m. to 1.37 p.m.

CUSWORTH, Mrs Nicola Claire, Chief Economist, Chamber of Commerce and Industry Western Australia

ROOKE, Ms Nicole, Adviser, Health, Chamber of Commerce and Industry Western Australia

CHAIR—I welcome representatives from the Western Australia Chamber of Commerce and Industry to today's public hearing. I remind you that the evidence that you give at this public hearing is considered to be part of the proceedings of parliament. Therefore, I remind you that any attempt to mislead the committee is a very serious matter and could amount to a contempt of the parliament. The WA Chamber of Commerce and Industry has made a submission, submission No. 70, to the inquiry, and copies are available from the committee secretariat. Would you like to make an opening statement before I invite members to proceed with questions?

Mrs Cusworth—Yes. I would like to briefly summarise the key issues in our submission—it was a fairly long one, so I shall not go into detail—and draw out the common theme between the three areas. Though it was fairly brief, we began by examining the fiscal projections which had underpinned Treasury's approach to looking at the intergenerational issue and agreeing with Treasury that it has identified areas of fiscal pressure which are likely to evolve over the longer term. But we also want to put that into context because we feel that sometimes when people look at some of the charts and projections which Treasury can bring up, it can be quite alarming. It can create an impression of an inexorable problem that is going to be beyond solution.

Yet, if you look at the longer term history of the way in which government spending and revenue has tracked—or, indeed, if you look at the relatively short-term changes in even relatively short-outlook forward projections—you can see that the numbers in this report at best represent a best guess, not a future from which we cannot escape. I think we also want to make the point that, while the fiscal projections are extremely important as a benchmark when you are considering some of these policy issues, they should not be determining policy, nor should it be the case that you should be adjusting your policy in order to try to achieve fiscal benchmarks. Rather, the fiscal issues have to be managed in the context of the broader policy issues.

The report that we submitted concentrated on two areas where we felt there was a particular concern over the longer term. First, it was in terms of aged care and the current service, regulation and financing provisions in the aged care industry. We identified some of the increasing tensions and pressures which are emerging in that industry and which our membership involved in that industry has found to be unsustainable. They arise out of the method by which funding is delivered; the method by which regulation is administered; and the difficulty which our membership has in achieving long-term sustainability, given the lack of control they have over either their financing or the method of their service delivery. In reality it would be hard to think of any sector of the economy which has fewer degrees of flexibility in terms of its own service provision. So, for service providers, that has been a key problem.

We also feel that, in the way the industry has been structured, there has tended to be an emphasis on meeting the demands of financiers and regulators, perhaps to the detriment of clients. Given the likely changes in the demands and pressures on that industry over the long term—which is the framework of this committee—we would like to see a range of ideas

canvassed which might increase the flexibility of service provision in order to better meet clients' needs.

The second and probably more detailed area of our submission focused on the adequacy of retirement incomes and revisited an issue which we think probably deserves attention—and, indeed, since our submission, perhaps deserves more attention. That is the adequacy of current superannuation provisions to meet the retirement income needs of the bulk of Australians. The decline in share prices that we have seen over the past year or so has highlighted both here and overseas the degree to which we were perhaps complacent about the capacity of ever-increasing share prices and ever-increasing investment returns to deliver adequate superannuation income.

The reality is that, for whatever reason, the superannuation guarantee has not led to an increase in savings in Australia; in fact, it has coincided with a substantial decrease in savings levels. Whether there is a cause and effect there is hotly debated. But the reality is that it is looking less and less adequate as a means of delivering, at a macrolevel, the level of national savings needed or, at a personal level, the level of individual savings needed in order to deliver an adequate retirement income. We feel that that is a major threat to Australians' income security when they currently come to retirement, and that it has probably been grossly underestimated.

We feel that the way that superannuation has been approached has perhaps always been too much of a command and control approach. There has been too much emphasising of regulation without the realisation that perhaps a more flexible system is needed. The system has not paid attention to two issues in particular. One is the capacity for leakage—for other savings to reduce a superannuation savings increase. The other is the need to reflect the actual working patterns of Australian people—very few conform to the pattern of a 40-year full-time working life, and that pattern is likely to become even less common as we get more flexible and diverse employment patterns.

In neither the aged care nor the superannuation area do we suggest solutions written in stone. We feel that what is important in both of these areas is not so much that we propose and then try to defend a single policy approach. Rather, we feel that it is important that these issues be identified as being important and, therefore, canvassed. That is because we are not, perhaps, qualified by ourselves to come up with the solutions to these very important problems.

CHAIR—Thank you very much. As you would be aware, Australia's system is based around a means tested pension, compulsory superannuation and voluntary private savings on top of that. What elements would you like to see in the retirement income system?

Mrs Cusworth—All of those components are important, but the system has probably failed in two ways. One is that there is a very substantial disincentive to individuals to save, which arose from the poverty trap effect and the fact that, for people particularly in mid- to lowish-income brackets, the net benefit from additional forced superannuation savings in terms of their final retirement income is actually very small. When you are looking particularly at the low paid who have got a quite legitimate preference for income now compared with income in future, the disincentive effect of that is likely to be substantial. So in a way you almost need compulsion to try to offset the disincentive which is inherent in this system as a result of that process.

The problem with compulsion is that it really underplays the extent to which traditional and other forms of saving have been equally important and, in some cases, more important in financing people in retirement, whether that be investment in property or small business owners investing in their own businesses, and being effectively a superannuation form. It has also given very little if any consideration to those people who are on low incomes, who are not permanently in particular occupations or are job switching, and people who move in and out of the work force. I think that all of those features reflect the pedigree of the system. Initially we had an industrial relations imposition for wage earners of a compulsory three per cent superannuation and you can trace the whole current system back to that. So it still reflects its industrial origins. While there is nothing wrong with that, it has meant that those people who have fallen out of the focus area for those industrial origins are perhaps being left behind.

We would want to see an integration of different forms of saving. We would like to see a greater degree of tax neutrality between different forms of savings. Although we recognise the huge difficulties and costs of addressing the poverty trap issues, we feel that, unless those are addressed, the perverse incentives in the system will be such that people will be finding ways around whatever patch-ups we try to get to resolve those issues.

CHAIR—On the issue of the changing patterns of work, superannuation is portable from job to job and so on. What sorts of changes would you need to address or tailor superannuation to those groups?

Mrs Cusworth—The issue of portability is less pressing than it used to be because the capacity to carry between jobs has improved. The issue is perhaps more about people who drop out of the labour force for various periods of time, people who are in relatively short duration of employment and people who are on relatively low incomes—all of whom tend to fall outside the trap. There also tends to be a degree of rigidity in the methods by which savings are extracted through superannuation programs so you cannot top up. You can usually top up over a period of months, but the capacity to top up in the short term is often quite small so you do not get that degree of flexibility. What we would see is not so much wholesale changes to existing superannuation arrangements but perhaps a greater emphasis on parallel savings vehicles which are better capable of taking up the need for flexible savings for other types of people, bearing in mind as well that 40 per cent of the adult population does not work.

CHAIR—What sorts of parallel savings vehicles would you be looking at?

Mrs Cusworth—Again, it is really a question of getting neutrality of taxation treatment. There are already alternative savings vehicles, but what you find is that they are all taxed very differently. So people's savings preferences tend to be stacked on a hierarchy, very much being affected by tax choices rather than by people choosing the form of savings that is most appropriate to them. If you had a degree of tax neutrality between the different savings vehicles, a lot of these issues would disappear because people could then be making savings in a form that was appropriate to them.

Ms HALL—I was interested in two areas: firstly, looking at your solutions as far as superannuation is concerned and where you identify the age pension as a disincentive and the fact that there could be a flat universal pension which, as I say, we had—

Mrs Cusworth—Yes. The difficulty with that is expense, of course.

Ms HALL—or a nonprogressive tax system. But then you go on a little further, in the last paragraph of your submission, about the Commonwealth working together with the states to design a national and properly legislated scheme. Would you like to discuss that a little more?

Mrs Cusworth—I suppose one of our concerns with the superannuation guarantee charge is that it is not a compulsory scheme, technically speaking. It is not compulsory for employers to make superannuation contributions; they merely are hit with a penal tax if they fail to do so. That is reflective of the fact that the Commonwealth does not have the power to legislate. That again comes back to the history as an industrial issue, which was where the industrial commissions were empowered to mandate three per cent superannuation—I am going back 12 years now—but only for wage and salary earners covered by awards. So it only ever was applied to this narrow group. Then you had an accumulation of different legislative measures attempting to address different issues as they arose but through inappropriate vehicles. The states do have the legislative power to compel superannuation whereas the Commonwealth does not. So you have this doubly inadequate mechanism whereby it is not illegal for an employer not to pay super. It always struck us as rather silly that you are using penal taxes to try and achieve something which really ought to be achieved directly through legislation.

Ms HALL—Is there a model anywhere in the world that you think we should adopt?

Mrs Cusworth—No. The problem has been that, wherever you look at other people's models that I am aware of, they each have their own deficiencies. All you can do is look at other people's experiences and try to learn from their mistakes.

Ms HALL—Have you looked at the New Zealand model?

Ms Cusworth—No, I have not. How does that work?

Mrs HALL—It is a universal scheme. How many years would it have been running now—two or three years?

CHAIR—This is where they nationalise?

Ms HALL—Sort of. It is worth having a look at.

Mrs Cusworth—You might get some efficiencies from a monolithic structure or scheme which is administered by a central authority, whether it be government or delegated, but you would also get some dangers; you could get political manipulation, which is an issue we are very concerned about in addressing this paper; and you would get reduced incentives for achieving a reasonable return. Some people talk about the Singaporean model as being very beneficial. But the reality is that the rates of return to investors there have been abysmally low because it has focused upon delivering social infrastructure rather than maximising returns. We would be happy to see measures which increase the efficiency of investment, but not measures which had the potential of decreasing efficiency. We would see both competition and a focus on maximising investor returns as absolutely crucial to that process.

Ms HALL—This question goes back to where you were talking about aged care. You stated that it is a very inefficient model and that:

A better system should have the following characteristics: financial sustainability, systems for maintaining and enhancing physical and human capital, emphasis on responding to the preferences and needs of clients ...

Have you thought through a structure or a possible way that we should be looking at dealing with older people through funding to ensure that they have appropriate accommodation and care?

Mrs Cusworth—Nicole might want to contradict me here but, as an economist, when I first saw how the model was arranged my first thought was how dumb it is. The idea that you have a bed licence for which there is an informal competitive market in a government funded system is just a nonsense. It works very well if you have a very limited resource and you are trying to ration access to it. So, for example, here in Western Australia, our crayfish pots are licensed on a very similar system and it works wonderfully well. But this is not the crayfish industry. It is an industry where you do not want any potential efficiencies to be soaked up through bidding up the prices. That is exactly what this model invites. To the extent that a service provider is capable of delivering a better service more efficiently, that service provider will pay more for a bed licence, so the money is soaked up. So, to the extent you cannot get to it from here, it is a dumb system.

The question then is: how do you repair it without doing even more damage to the people in the industry who are financially stressed? That, I suspect, will need a long-term adjustment process. You already have an industry which is going through structural adjustment. You already have an industry where particularly some of the smaller charitable providers are feeling incredibly stressed by the need to maintain service quality while at the same time having inadequate funding to meet that process. If you suggest to our members now: 'We are going to take away your licences,' which are their assets, they would be horrified. So, even though it is a poor structure—and we probably should not have started it—but, having started there, there is a real problem about how you move to a more efficient way of delivering.

In the long term—and I would stress the words 'long term'—I think that the best way to do that would be to vest the entitlement to a bed with a client and not the entitlement to provide a bed with the service provider. The effect of that would be probably to increase competition and quality, which is the only competition you can get in this industry, between service providers and to renew the focus on the first-hand perceived interests of the client rather than the second-hand interests, which is how the current regulatory structure works. I do not in any way want to denigrate the way that the industry works, because I think that both the regulators and the service providers have a genuine and very deep commitment to the interests of clients. But the mechanisms that are used at the moment do not give clients or the clients' families much opportunity to express their own preferences. We would see that that should perhaps in the long term be linked with a change in the funding model. But I would stress that it would have to be long term because the industry is already under very considerable financial pressure. To suggest rewriting the funding model and basically writing off the assets of existing providers would be profoundly unacceptable to our members.

Ms HALL—What about red tape?

Mrs Cusworth—That again is because, in terms of the regulatory processes, inputs rather than outputs are being measured. Also, the people who are doing the regulations are in many cases not particularly affected by the consequence of the manner in which they are regulating. So from the regulator's point of view there is no cost and a lot of benefit in making things more and more onerous.

We recognise that there is a need for this industry to be very tightly regulated, but we think that there are ways of doing that that might be more efficient. A particular complaint that we get is in terms of qualified nursing staff who, because of the way the regulations are written, are spending a lot of their time complying with paperwork in an industry where, because of the differences in award wages and simply the status of the sector, it is already difficult to attract people to. When you have people who are qualified nurses, all they want to do is nursing and not paperwork. It is yet another burden in an industry where you need a regulatory environment and you need things to be monitored, but there is no quality control of the regulators rather than quality control of the service providers.

Ms Roocke—Just to add to that, as well as the issue of the various programs that happen in the aged care industry, the different funding and regulatory models that apply to that as well cause duplication and added red tape.

Mr MOSSFIELD—Would you like to comment on the recent discussions that the ACTU and employers have had relating to the issue of allowing people to remain in the work force for a longer period? Does your chamber have any views on that?

Mrs Cusworth—I have not been involved directly in those negotiations, and I am not sure of the extent that we have been involved with ACCI. I can tell you that, as a general principle, the chamber is in favour of flexibility and choice in terms of workplace arrangements. So we would not wish to see a system which was either deliberately trying to encourage or to discourage people from participating in the labour force beyond a notional normal retirement age. We recognise that particularly when you are looking at superannuation issues, for example, there are questions about when people are entitled to access their savings. But, beyond that, I suppose our key emphasis would be on employee and employer choice; that, rather than trying to compel people to work when they do not want to or prohibiting people from working when they do, there needs to be flexibility. If you like, I will check with our employer relations people and see whether we have had any more detailed input into that process.

Mr MOSSFIELD—I would be interested in that. I think most people agree that some positive sorts of moves will be made to bring this about, which I think most people agree would be a good idea, but I have not seen any definite steps that would enable it to happen.

Mrs Cusworth—I would imagine it comes back to the issue of how you deal with a taxation benefit nexus that people are hit with and the whole poverty trap issues that we have already briefly talked about.

Mr MOSSFIELD—Just on the issue of retirement incomes, you have here a number of points that we need to look at to improve the outcome of people's superannuation entitlements. What part would you see the means-tested pension playing in that process, particularly relating

to low-income people and people who have had intermittent employment during their working lives?

Mrs Cusworth—I cannot see realistically a way of getting away from having some form of means-tested pension, because the two alternatives are either that you have an incredibly generous benefit which is universal—going to even those people who can quite well afford to look after themselves, which is fantastically expensive—or you have a very minimalist pension which everybody is entitled to, where you have the problem that there would be a huge diversity of living standards in retirement and an unacceptably large number of people probably on an unacceptably low income. So balancing the need for some degree of fiscal control and the degree of equity of outcome, I cannot see that there is any way around having some form of means testing, and that means that you will have some form of poverty trap; it is inescapable.

Perhaps what could be done to improve the process is to have a more seamless progression through that process. So, instead of moving by abrupt steps where in places people are actually worse off by having more own-source income, you could smooth those processes and you could perhaps better integrate the different taxation treatments and benefit treatments of different forms of income. There are ways of improving the problem, but there are not ways I think of getting rid of it completely. You are always going to have that problem if you have means testing. The expense of a universal benefit at an adequate level, given the ageing of the population, is probably just going to be beyond our capacity to fund.

Mr MOSSFELD—Are you aware of any shortage of aged care facilities in Western Australia, bearing in mind that the move now is for ageing in place, which takes the demand off the residential type facilities? Are you aware of any shortage in that area?

Ms Roocke—Given the size of the state, there is the problem with the rural and remote areas of people not being able to be located at facilities that are reasonably close to their place of residence or original place of residence. There has also been a shift towards more of a shortage in the high-care beds as opposed to the low-care beds and the use of the cut-off age of 70 and above. The number of beds in the state is affected by the various populations in the different regions. So there are pockets where high-care beds are very much in demand, both metropolitan and in the rural areas.

Mrs Cusworth—Again, the changing demographic and also the fact that people are probably healthier longer mean that there will be a greater diversity of demand for different types of services in future. There will probably be a demand for different qualities of service and perhaps better integration of different types of service which were not previously thought of as being primarily aged care. That would perhaps suggest that long term, not short term, a shift of service delivery and financing focus away from the provider and towards the clients will allow that degree of flexibility with the clients and/or the clients' families being vested with an entitlement and then being able to choose the best form of care for them.

CHAIR—Does the chamber have a view on how to improve coordination between Commonwealth and state authorities in delivery of aged care?

Ms Roocke—It has been proposed to look at vesting responsibility at one level of government, especially with acute care being funded at a state level and aged care being funded

at a Commonwealth level. So consideration has been given as to whether there needs to be one level as opposed to it being split across the two. Which level it should be is questionable. There is benefit with it being at a state level, given that that is where the acute care is provided and the interaction between the two industries is very extensive. But looking at it extensively as to which would be the better level given to ensure equity across the board, that is something that we have not gone into yet.

CHAIR—Thank you very much for your submission, which is very comprehensive and detailed and for giving evidence this afternoon.

Proceedings suspended from 2.04 p.m. to 2.23 p.m.

HAMMAT, Ms Meredith Jane, Assistant Branch Secretary, Australian Services Union

MITSIKAS, Miss Melissa, Acting Senior Industrial Organiser, Australian Services Union

CHAIR—Welcome. I remind you that the evidence that you give at this public hearing is considered to be part of the proceedings of parliament. Therefore, I remind you that any attempt to mislead the committee is a very serious matter and could amount to a contempt of parliament. The Australian Services Union has made a submission, submission No. 71, to the inquiry, and copies are available from the committee secretariat. Would you like to make an opening statement before I invite members to proceed with questions?

Ms Hammat—I will make some brief opening comments. By way of background, the Australian Services Union, Western Australian branch, is a union representing employees working in a wide number of industries. We have members who work in local government; energy and IT industries; private sector clerical and administrative roles; social and community services industries; and rail, airline, shipping and travel industries. So we are a union with diverse interests. The submission we have made is on behalf of the members working in the local government division in Western Australia. Whilst the paper before you deals with issues arising in the local government industry, we are, obviously, a union that represents people from a broader range of industries.

The main issues we have touched on in our submission go to the question of superannuation for people employed in the local government industry. We see superannuation as being a key issue in the consideration of issues that impact on ageing in our community. I think that superannuation has been identified as the primary vehicle for providing financially for people in their retirement. Our paper identifies that, with people living longer and longer, people may be retired for 20 to 30 years. Clearly, in this scenario, substantial superannuation contributions throughout people's working lifetimes are important to maintain a standard of living.

The issue we have identified in our paper specifically impacts on local government workers in this state. It is the process whereby the overall levels of council contributions to superannuation over and above the compulsory SGC amount have been eroded over a period of time. I will explain how that has occurred. The local government industry has a particular arrangement for the provision of superannuation. All employees working in local government are entitled to the compulsory nine per cent superannuation. For a number of years predating the introduction of the SGC arrangements there has been a scheme in local councils whereby employees can contribute a proportion of their salary—notionally, five per cent. In return they receive a matching or greater than matching contribution from the council. So, for example, an employee would contribute five per cent of their salary, the council would contribute five per cent in addition, and that would be the basis of their superannuation contribution.

The concern that we have had is that, with the introduction of the compulsory super amount, the amount over and above the compulsory super has been eroded over time. Let us say, for argument's sake, that a total council contribution was 15 per cent. Going back historically, that may have been made up of, say, seven per cent as compulsory super and eight per cent as a more than matching contribution. As the compulsory super has increased from seven to eight to

nine per cent, the total level of council contributions has remained consistent at, in this example, 15 per cent. But, clearly, the amount over and above the SGC has eroded over time.

The significance of this arises in current scenarios where some employees contribute five per cent of their salary and receive a very small proportion over and above the nine per cent. It is described as a matching contribution, but in reality it might be one per cent more than the nine per cent super. So, in fact, there is very little incentive for employees to contribute their own salary when they get a significantly smaller proportion as a matching contribution—and I use the word matching in an ironic sense. They get a smaller proportion than that over time.

I have a table that might help to illustrate the point. It is still in draft form because we have yet to finalise and conclude the figures. We are 95 per cent sure that those figures are accurate, but there are a few blanks. I think this information is accurate and sufficiently illustrates the point. As you run through the various councils, you see the amount that the employee contributes as a voluntary contribution—mostly it is five per cent. The compulsory super is in the next column; it is, of course, nine per cent. The last two columns show how much over and above the nine per cent each of those councils contributes for a total superannuation contribution.

The issue that arises is the very large differences in what people earn, depending on which council they work in. For example, you can see that in Rockingham you will get a total contribution from the council of 10 per cent, provided you put in five per cent of your own salary. Compare that with, for example, the City of Subiaco, which is on page 3. If you have been at the City of Subiaco for more than three years, you can put in a proportion of your salary and receive an up to 18 per cent contribution from the council. So very significant differences are emerging in the local government industry.

This has been further compounded in the last 12 months whereby now some councils have taken the decision to not make any contributions over and above the compulsory nine per cent for new employees or certain groups of employees. For example, if a person accepts employment now at the city of Joondalup, they can contribute any proportion of their salary that they like, but they will only ever receive the compulsory nine per cent from their employer. Similarly at the City of Melville for only one group of employees, not the entire council, the council makes no contribution over and above the nine per cent compulsory super.

Some very large differentials are emerging. I suppose the first of the key considerations emerging there is the lack of incentive for people to contribute their own salary and income into a superannuation scheme where there is no matching contribution. It is important to understand that that has been a traditional basis for this industry. I think people who have worked in local government industry would see that as an important part of their overall conditions of employment that has been eroded over time.

Clearly there are concerns where there are not the incentives for people to contribute to their own superannuation. It is well documented that, at nine per cent, the compulsory superannuation level is insufficient to fund a retirement level for most people. I think the ASFA organisation identifies a contribution in the order of 12 per cent to 15 per cent as being more realistic. That is one of the key issues for our members in local government.

In our submission we identify that we have established a steering committee which is looking at this issue and at trying to address it for the local government industry in Western Australia and establish a minimum standard that would be seen by us as a reasonable standard. That is one of the primary aims of the committee. The second aim of our ASU committee is to increase the level of awareness through education. I think that has also been identified as a difficulty for people in terms of their commitment to provide for their own retirement; in fact, that is associated with a lack of understanding or a lack of confidence in the superannuation system.

We would have liked to have brought along today some of our members who are directly impacted by this but we did not receive sufficient notice to enable us to do so. I suppose I am apologising for not being able to bring you some real, live examples, but I think that would have illustrated the point we are making.

CHAIR—I understand that point very well. A voluntary contribution of five per cent, say, with a superannuation compulsory charge of nine per cent would amount to 14 per cent of income going into super. Do you believe that will be inadequate for retirement income?

Ms Hammat—The issue is that employees are not required to make the voluntary contribution; they elect to do so. Historically they have elected to make the voluntary contribution because, in doing so, they get an additional benefit from their employer. Where the benefit is eroded, there is no incentive for people to do that, and many of them are choosing not to. That is where our concern comes in—that, in fact, people will say, ‘I’m not putting in five per cent of my salary if the employer is only going to give me nine per cent or maybe just one per cent more; I’ll put that money into my mortgage or I’ll put it into a holiday at Disneyland’ or wherever else their priorities might be.

CHAIR—What reason did Joondalup give for cancelling the voluntary component of their contribution?

Ms Hammat—My recollection there is that it was simply a decision based on the finances associated with it. I do not think they gave any more substantiation.

Miss Mitsikas—As part of the steering committee’s activities, we have issued a number of media releases. One comment made by Joondalup in response to a media release was that their CEO did not receive additional contributions and that the CEO only received nine per cent and that, therefore, the same would flow on to staff. Clearly the CEO would get a completely different employment package to that of the employees at the City of Joondalup, so we would not see that as being a fair comparison. But that was probably the main reason highlighted by Joondalup, in response to the press release, dealing with the issue of stopping contributions for new employees.

Ms Hammat—I do not know whether it is helpful, but in respect of Melville, which is the other council where for a select group of employees they have stopped paying additional contributions, the reason they give there is that they will not pay more than the compulsory super amount because this group of employees are theoretically in competition with private sector providers and that, if they had to pay the local government superannuation that they pay their other employees, it would not be viable to employ them and they would just contract the service out.

CHAIR—The security officers?

Ms Hammat—That is the security officers; that is right.

Mr MOSSFIELD—Are all local government people in the one superannuation fund?

Ms Hammat—They are, with the exception of the City of Perth, which has its own defined benefits scheme. Other than that, they all belong to the Western Australian local government super fund.

Mr MOSSFIELD—Are the employees represented on that through their unions?

Ms Hammat—At the City of Perth or—

Mr MOSSFIELD—No, the general one.

Ms Hammat—Yes, they are. I am a deputy director on that fund and the union has a number of other directors on that fund.

Mr MOSSFIELD—How has the fund been performing in the past? Like other funds, I suppose?

Ms Hammat—Yes, I think that is true to say. Obviously the investment market has not been the best for returns, but I think overall in a comparative study of other super funds the Western Australian local government fund has performed well, competitively.

CHAIR—What happens if an employee leaves and works in a different industry, in the private sector and so on? What happens there?

Ms Hammat—They can make that choice for themselves. The way the local government fund is structured is that people are able to retain their money in there. They are also able to make contributions from a new employer into that fund, if that is what they choose to do. If they leave the industry, though, they are also able to roll their money over into whatever other funds they might wish, depending on where the new employer is.

Mr MOSSFIELD—What types of investments do you recommend for the fund? How is it broken up—shares, property, overseas?

Ms Hammat—It operates on the basis of investment choice, so it has—I do not want to give you the wrong information—I think eight or nine different investment options that people can choose. Of those, four are predetermined mixes whereby the fund would set the proportion of their money which is invested in cash, fixed interest, overseas shares or Australian shares. So there are four different categories that an employee can choose from—from a very conservative cash style investment to a more aggressive growth plus investment. There are another four options. Those four options are cash, overseas shares, Australian shares or property. Individuals can choose their own mix from those. For example, if you are that way inclined, you can say that you want 37 per cent of your investment in overseas shares and 23 per cent in domestic shares or whatever, or you can say that you want 100 per cent of your money in international

shares. People are able to make those options for themselves, if they are comfortable doing that, or they can choose one of the predetermined mixes that are available.

Mr MOSSFIELD—What sort of education are the employees given to allow them to make these momentous decisions?

Ms Hammat—Obviously, as a superannuation fund, we do not offer direct financial advice. We do run seminars though where we will go to councils and educate people about the fact that the investment choice exists. That is something that the fund has done over a period of time. Through the union we also, obviously, are keen to encourage people to have an understanding of that. So as part of the work of the superannuation committee, I think we have started from a very preliminary basis with our ASU steering committee in increasing people's level of understanding about superannuation, so that they start to ask pertinent questions. I think our experience has borne out that a lot of people are perhaps not really engaged in this question of investment choice because they probably do not even understand the basics in terms of money going in and the fact that it needs to be retained for a period of time. We have taken a different approach to the education through our steering committee than perhaps the fund does.

Mr MOSSFIELD—Would your members on low incomes or who have not had long periods of employment then have to rely on, say, the age pension to supplement their super?

Ms Hammat—It would be speculation because I do not have any figures, but my strong feeling would be yes, that a number of them would. Many of our members who work in the blue-collar parts of local governments—the labouring or manual based jobs—are relatively low paid. Many of those people are not in a position to contribute their own money to superannuation so they rely on the council contributions. They are of course levied as a percentage of salary because, if you come from a low base salary, nine per cent is not necessarily a lot of money. We would be pretty confident in saying that many of them would rely on or be in a position where they need to rely on the age pension.

One of the other issues is the age profile in local government whereby, whilst the information from ASFA reinforces this notion of contributing, say, 12 per cent to 15 per cent of your salary over a lifetime, many of the people in local government are of an age where they are not starting their careers—they are older people who, if they have not contributed for the first half of their working life, need much higher levels now to compensate for that. Many of them are not in a position where they are able to do that at the levels that would be required. They would have to have at least partially dependency on a pension.

Mr MOSSFIELD—Outside of the contribution from local government, do you have any suggestions about the structure of this fund that would enable a better return to the members?

Ms Hammat—The key issue for our members has been one around adequacy. I think the way the local government fund is structured provides quite a lot of flexibility for members of that fund to make decisions based upon where they are in their working life and what level of investment risk they are comfortable with. I think they have quite a wide range of choices around that. The key for our members is having some certainty around levels of adequacy. The other issue that got identified in the paper went to the question about taxation arrangements. I am not a taxation expert, but anecdotally that is obviously an issue that people highlight with us

as well—the notion that the rules around super change: ‘If I am putting my money away into superannuation now, how can I be sure that by the time I retire the rules will be the same as they were when I started out.’

Mr MOSSFIELD—I have asked the chamber the same question. What is your organisation’s view on the ACTU and employer organisations’ discussion on enabling people to work past retirement age with flexibility in that area?

Ms Hammat—Our branch would not have a view. I have a personal view, but I probably would not be in a position to put a position on behalf of the ASU.

CHAIR—As there are no further questions, we thank you very much. Thank you for your submission and thank you also for coming to speak with us this afternoon.

Committee adjourned at 2.43 p.m.