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with IAN YATES COTA chief executive

COMMENT

reform: IT WAS great to open the Federal Budget documents in Canberra and read the details of major pension reform. Years of unfair treatment of single aged pensioners had finally been acknowledged and a large step taken to rectify it.

Government delivered on our long standing calls for the single pension to be increased to two thirds of the couple rate.

The new pension system is simpler, rolling allowances for pharmaceuticals, telephone and utilities into one pension supplement.

There is a new work bonus which creates financial incentives to continue working on a part-time basis. Half of earnings up to \$250 per week will not be taken into account in the income test. On the other hand, the taper rate on extra income rises from 40 cents to 50 cents in each dollar.

The government plans to increase the pension age to 67 years. It will remain at 65 years until 2017 then go up by six months every two years until 2023.

The pension age has been 65 for over a century and the time spent in retirement has roughly doubled over that period.

Over the next few decades we will need to keep people in the workforce. We are

already seeing a rising number of people working beyond 65, and about half the baby boomers plan to do so.

However, there is a significant minority of people for whom an increased pension age is not welcome. People in very demanding jobs already struggle to get to 65 years before retiring, often ending up on the Disability Pension well before that.

Tens of thousands of mature workers are long term unemployed in their late 50s and 60s. Support for increasing the pension age will depend on government ramping up efforts to tackle mature age unemployment and age discrimination. These have been ignored for far too long.

Despite the breakthrough the pension reforms represent, there is disappointment among many pensioners that the increases were not greater.

Analysis of the Harmer Pension Review's report indicates that the increase in the couple pension should have been around \$29 instead of \$10, and therefore the single pension should have increased by around \$45 instead of \$32.

As the economy comes out of recession COTA will continue to press for pensioners to get a fair share of national growth. »»