

National Seniors

Australia

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Community Affairs Legislation Committee
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Dear Committee Secretariat

Social Services Legislation Amendment (Budget Repair) Bill 2016

National Seniors welcomes the opportunity to comment on the Social Services Legislation Amendment (Budget Repair) Bill 2016.

National Seniors is a not-for-profit organisation that gives voice to issues that affect Australians aged 50 years and over. It is the largest membership organisation of its type in Australia.

National Seniors is opposed to the proposal to change pension portability within the amendment. Reducing the length of time allowed overseas while continuing to receive the basic rate of pension from 26 weeks to six weeks is a drastic change for a significant proportion of pensioners.

The proposed change is unfair because it targets Australians who wish to travel abroad for an extended period. Many older Australians visit family and friends overseas for extended periods once they have retired from the workforce because it is impractical to do so while engaged in the workforce.

An estimated 110,000 Australians over the age of 65 travelled overseas for between six weeks and six months between 1 July 2015 and 31 March 2016¹. This represents 16 per cent of people over 65 travelling overseas for less than six months.

Many pensioners choose to take an extended trip abroad because the cost and stress of travelling overseas make it easier to travel on fewer but longer trips, especially when health declines. Older Australians should not be disadvantaged from travelling overseas for longer periods as this may be the most practical option open to them.

The amendment also unfairly targets Australia's migrant population. According to the Australian Bureau of Statistics the proportion of Australians who were born overseas hit its highest point in 120 years with 28 per cent of Australia's population, some 6.6 million people, born overseas².

¹ Australian Government 2016. *Overseas arrivals and departures for 1 July 2015 to 31 March 2016*. data.gov.au Accessed 22 September 2016. <https://data.gov.au/dataset/overseas-arrivals-and-departures/resource/acea011b-ab58-4020-9cfc-7d78d7910d12>

² Australian Bureau of Statistics 2016. 'Overseas born Aussies highest in over a century' Media Release 30 March 2016.

Australia has benefitted considerably from the arrival of migrants who have helped to drive economic growth and prosperity. Many of these people may have migrated to Australia later in life yet have made significant contributions in the short time while being a resident.

As a result of the proposed amendment a proportion of the 110,000 older Australians travelling overseas for between six weeks and six months every year will have their pensions reduced because they do not meet the Australian Working Life Residency (AWLR) requirement. Statistics suggest that as many as 15 to 30 thousand older Australians could have their pensions cut every year as a result of the amendment.

Anyone migrating to Australia over the age of 30 would not meet the Australian Working Life Residency (AWLR) requirement to have lived in Australia for more than 35 years and would therefore be affected by the amendment. Given that the median age of people on arrival was 26.5 in 2014-15³, it stands to reason that a significant proportion of recent migrants will be impacted by the amendment in the future.

The tightening of the portability rules from 6 months to 6 weeks is too severe given that the AWLR requirements were amended only 18 months ago so that residents had to have 35 rather than 25 years AWLR to be eligible for the Age Pension while traveling overseas.

The change is also problematic because it does not take into account the fact Australians are increasingly working beyond the mandated Age Pension age. Any extra time spent in the workforce beyond the Age Pension age will not count towards the AWLR because it is based on years residing in Australia between the age of 16 and the Age Pension eligibility age, which is currently 65.

It is clear that a significant proportion of current and future Australians will not meet the AWLR requirement and would have their pension adjusted if they travelled overseas under the proposed rules.

National Seniors believes that this amendment should be removed from the Bill to be more realistic of the needs of older Australians travelling overseas.

If you require any further information please contact Dr Brendon Radford Senior Policy Advisor

Yours sincerely

Dagmar Parsons
Chief Executive Officer

<http://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/3412.0Media%20Release12014-15?opendocument&tabname=Summary&prodno=3412.0&issue=2014-15&num=&view=>

³ Australian Government Department of Immigration and Border Protection 2014. *Australia's Migration Trends 2012-13*. Commonwealth of Australia: Canberra.

<https://www.border.gov.au/LegacyPagesandAboutUs/Documents/statistics/migration-trends-2012-13.pdf>