

## Response to the Senate Community Affairs Legislation Committee: Social Security Legislation Amendment (Workforce Incentive) Bill 2022

Overall, Carers Australia welcomes the Social Security Legislation Amendment (Workforce Incentive) Bill 2022 to remove possible disincentives for age pension, Disability Support Pension and veterans' entitlement recipients to engage in paid employment.

We are pleased to see the extension from 12 weeks to two years before people on the age pension and some veterans' pension and payment entitlements face cancellation of these, and lose qualification for their pensioner concession card in circumstances where the taper rate on their earnings reduces their pension income to zero. We note that these measures will now be in line with current arrangements for those on the Disability Support Pension who are able to find employment.

The capacity to engage in work, in addition to the much-needed income, can help to reduce social isolation, provide mental stimulation and restore a sense of social contribution to older people. And yet under 3% of pensioners receive income from employment.<sup>1</sup> For many pensioners, the prospect of losing their pension after twelve weeks is sufficient to deter them from taking up opportunities to work.

We are also pleased that that the same two-year eligibility period applies to carers on the Carer Payment (which is also a pension) whose partner is in receipt of a social security pension or veterans' entitlement, and is able to find employment remunerated at a rate that would result in the loss of the Carer Payment on income and asset test grounds. In this context we note that the ability of a pensioner to find work does not imply that they no longer need the same level of care. Indeed, provision of that care may be pre-requisite to them being able to engage in employment.

While we see these measures as a step in the right direction for removing some barriers for pensioners to engage in employment, we do not believe they go far enough.

In particular, we do not understand why the Work Bonus available to pensioners over 65 is not available for those on the Carer Payment and people under the age of 65 on the Disability Support Pension. Under the Work Bonus a pensioner can earn an extra \$300 per fortnight plus the normal income free area before the taper rate on income of 50 cents in the dollar begins to reduce their pension payment to zero. We highlight that it is as much in the interests of Government as it is to people receiving these payments that they are able to sustain a connection to employment, which will not only improve their employment opportunities if and when they come off a pension, but also add to their long-term economic security through superannuation. With respect to carers, a substantial proportion remain dependent on income support for a very long time after their caring role has diminished or ceased and this reflects the time they have spent out of the workforce.<sup>2</sup> A 2017 valuation undertaken for the Department of Social Services found that around two thirds of those on Carer Payment projected to exit the payment over the next 10 years were expected to move to another income support payment, and a substantial proportion of these would move onto a working age payment.<sup>3</sup>

We are also supportive of the campaign currently being undertaken by National Seniors in relation to removing employment income from the income test for pensioners with limited means. In making their

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<sup>1</sup> National Seniors 'Let Pensioners work!' campaign [webpage](#) [accessed February 2022]

<sup>2</sup> Australian Bureau of Statistics (ABS) 2018 Survey of Disability, Ageing and Carers, 23% of primary carers had spent between 5 and 9 years and 29% between 10 and 25 years on income support, Carers Tables, 36.3 [\[accessed online\]](#)

<sup>3</sup> Australian Government Department of Social Services, *Australian Priority Investment Approach to Welfare - 2017 Valuation Report*, pages 102-3, [\[accessed online\]](#)



case, National Seniors point to New Zealand where employment income does not impact on the age pension and point out that only 14.2% of Australians over 65 are in the workforce compared to 25.7% of New Zealanders. They suggest that if Australia had the same participation rate as New Zealand it would translate into 450,000 available workers, and the additional tax revenue to offset the pension would accompany a move to more generous income free areas for the pension.

The Bill's Explanatory Memorandum states the measures in the Bill are "not only beneficial over the long term, but are of importance in an economy that is currently impacted by COVID-19. Specifically, the measures in this Bill will remove possible disincentives to workforce participation by pensioners which may assist to provide additional labour supply in areas of the economy impacted by COVID-19 related labour shortages". Carers Australia argue that that the same logic could apply to other pensions including the Carer Payment.

#### **Recommendations:**

- 1. That the Bill be endorsed for passage**
- 2. That the Committee recommend further policy consideration on other constraints to pensioners taking up employment to increase their income and maintain their workforce connection – including the rules on earnings applying to the Carer Payment.**

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#### **About Carers Australia**

Carers Australia is the national peak body representing the diversity of the 2.65 million Australians who provide unpaid care and support to family members and friends with a disability, chronic condition, mental illness or disorder, drug or alcohol problem, terminal illness, or who are frail aged.

In collaboration with our members, the peak carer organisations in each state and territory, we collectively form the National Carer Network and are an established infrastructure that represent the views of carers at the national level.

Our vision is an Australia that values and supports all carers, where all carers should have the same rights, choices, and opportunities as other Australians to enjoy optimum health, social and economic wellbeing and participate in family, social and community life, employment, and education.

This includes carers:

- Who have their own care needs



- Who are in multiple care relationships
- Who have employment and/or education commitments
- Aged under 25 years (young carers)
- Aged over 65 years, including 'grandparent carers'
- From culturally and linguistically diverse backgrounds
- Who identify as Aboriginal and Torres Strait Islander
- Who identify as lesbian, gay, bisexual, transgender, intersex (LGBTI+)
- Who are living in rural and remote Australia, and
- Who are no longer in a caring role (former carers).

Carers Australia acknowledges Aboriginal and/or Torres Strait Islander peoples and communities as the traditional custodians of the land we work on and pay our respects to Elders past, present and emerging. As an inclusive organisation we celebrate people of all backgrounds, genders, sexualities, cultures, bodies, and abilities.