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Dear Committee Secretary

Anglicare Australia welcomes the opportunity to provide a submission to the Senate Standing Committee on Community Affairs on the *Social Services Legislation Amendment (Enhancing Pensioner and Veteran Workforce Participation)*.

As well as much needed income, work can give people purpose, reduce social isolation, and foster connection to community. Yet only three percent of older Australians receiving the aged pension,<sup>i</sup> and only 16 percent of people with disability assessed by Centrelink as having a partial capacity to work have earnings from employment.<sup>ii</sup>

For aged pensioners, the prospect of losing their pension entitlement, and the complexity around reporting deter many people from taking up employment opportunities.

For people with disability, tighter eligibility and onerous assessment for the Disability Support Pension has left many people reliant on the lower JobSeeker payment, struggling to meet their mutual obligations. In our recent submission to the review of the Purpose, Intent and Adequacy of the Disability Support Pension (DSP),<sup>iii</sup> Anglicare Australia called for an independent commission to set and adjust income support payments, and reform to eligibility provisions of the DSP.

### **Ensure suspension provisions are consistent across payment types**

We support the provisions in the amendment that allow people receiving aged pension or veteran entitlements to have their payments suspended for up to two years, instead of cancelled, if they earn employment income above the maximum threshold.

Similar provisions already apply for recipients of the disability support pension, bringing a welcome consistency across the different payment types. The provisions will encourage

people to take employment opportunities without fear their payments will be cancelled, and they will have to go through the onerous application system once again.

### **Extend the Work Bonus to social security recipients under 65 years**

The Work Bonus allows people receiving the aged pension to earn an annual amount of employment income without impacting their pension. The doubling of the Work Bonus to \$600 per fortnight aims to provide older people with more flexibility and confidence about taking on paid work.

It is unclear why the Work Bonus applies only to people over aged pension age, and not to people receiving JobSeeker, carer payment or disability support pension under the age of 65. The DSP is reduced by 50 cents for every dollar earned over \$180, and the Jobseeker threshold is even lower.

Extending the Work Bonus to other types of payments would encourage employment and remove a deterrent for people under 65. More broadly, the recent Senate Standing Committee on Community Affairs report into the Purpose, Intent and Adequacy of the Disability Support Pension recommended a review of the income test and thresholds at which DSP payments are reduced.<sup>iv</sup>

### **Increase workforce participation through a universal basic income**

There is more that can be done to increase workforce participation for people receiving social security payments. In Australia, workforce participation of people over the aged of 65 is only 15 percent. In New Zealand, where there is a universal pension system, which is much simpler and has fewer penalties and disincentives, workforce participation for people over 65 is 25 percent.<sup>v</sup>

Anglicare Australia would go further, calling for a permanent and universal income for all Australians, not just those of pension age. Some argue that a basic income would undermine paid work, but our research refutes that notion.<sup>vi</sup> Most people would continue to work, although some may seek to reduce their hours and work more flexibly. Indeed, the findings suggest that it could allow people to adjust to a changing labour force, living and working more securely as they adapt their skills to changing needs.

Australia has previously sought to adapt to these changes by moving towards increasingly tough punishments and activity tests, but this approach is failing. Long-term unemployment continues to rise. People subjected to these obligations and activity tests actually take longer to find work. By contrast, financial security and better access to education, training, and childcare have all been shown to promote employability. A permanent basic income would help make all of this possible.

We thank you again for the opportunity to comment on this legislation. We would welcome the opportunity to discuss the matters raised in this letter, or answer any questions that you may have.

Yours sincerely



Kasy Chambers  
Executive Director

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- <sup>i</sup> Australian Institute of Health and Welfare (2021) [Australia's Welfare 2021: Snapshot Age Pension](#)
  - <sup>ii</sup> Brotherhood of St Laurence (2021) [Dead ends: How our social security system is failing people with partial capacity to work](#)
  - <sup>iii</sup> Anglicare Australia (2021) [Submission to the Senate Inquiry into the Disability Support Pension](#)
  - <sup>iv</sup> Senate Community Affairs Reference Committee (2022) [Report on the Purpose, intent and adequacy of the Disability Support Pension](#)
  - <sup>v</sup> OECD Data (2022) [Labour Force Participation Rate](#)
  - <sup>vi</sup> Anglicare Australia (2021) [Valuing Every Contribution](#)