

## Executive Summary

The Victorian Chamber welcomes the opportunity to provide a submission for the Social Services Legislation Amendment (Enhancing Pensioner and Veteran Workforce Participation).

Pension recipients and veterans are important members of our community and workforce. During the current skills and labour shortages, pensioners and veterans can help provide business with the workers they need to keep operating. Not only can they fill roles, but the community can benefit from their experience in training, managing, and mentoring other staff as well as lifting overall productivity and bringing broader skills into the labour market.

The Victorian Chamber agrees with the intent of enhancing pensioner and veteran workforce participation and recommends that payment recipients should be able to work at least three days a week without impacting their pension payments.

## Recommendation

1. Allow payment recipients to earn up to \$600 a fortnight, *or* to work up to three days a week, to address critical skills shortages and increase workforce participation.

## Introduction

The Victorian Chamber supports the aim of the Amendment, specifically, we call out the intent spelled out in the Explanatory Memorandum to:

*“Encourage and support age pensioners and certain veterans wishing to re-enter the workforce or increase their work hours, enabling them to contribute to relieving the skill and labour shortages in the Australian economy”.*

With skills and labour shortages slowing economic growth and recovery, alongside the need for continual upskilling across industries, we must make policy changes that enables increased workforce participation to help meet these challenges.

The Victorian Chamber notes that this will be done within the Amendment through allowing pensioner and relevant veteran entitlement recipients to earn up to \$600 a fortnight and still receive the maximum pension payment, an increase from the current amount of \$300 a fortnight.

## Skills and Labour

The need for skilled and unskilled workers across industries is the top priority for business, with many media outlets labelling it a ‘crisis.’ A recent survey conducted by the Victorian Chamber showed 75% of our members that responded reported that they are struggling to hire staff.

To help address this shortage, policymakers are turning to lifelong learning initiatives. If experienced workers are no longer disadvantaged to leave the workforce due to impacts on their payments, the broader workforce benefits from increased knowledge sharing, the opportunity to learn from each other, and increase productivity and skills development.

## Economic pressure

The cost of living and doing business continues to increase. Over the past twelve months, the price of fuel has risen by over 32%<sup>4</sup> and mortgage repayments for recent home purchases were up \$350 a month (\$4200 a year) in Melbourne, according to real estate appraiser PropTrack.

The costs of living and doing business, alongside debt in government balance sheets means that the increased amount of \$600 a fortnight for pensioners and veterans may soon not be enough. Workers should have the option of either working three days a week or making up to \$600 a fortnight without impacting their payments, whichever allows them to work the most. This provides both workers and employers certainty of their availability, increases government earnings through income taxes, and decreases complexity.

## Concluding comments

Pension recipients and veterans are important members of our community and workforce. We should not be encouraging them to exit or disincentivising them re-enter the workforce, particularly in times of skills and labour shortages and the rising cost of living. Increased workforce participation in this cohort benefits businesses who need experienced staff

The Victorian Chamber agrees with the intent of enhancing pensioner and veteran workforce participation but recommends expanding the scheme to include work up to three days a week, or to income of \$600 per fortnight, whatever allows the worker the most hours. This future proofs the Amendment against future inflation, which may make the \$600 amount no longer fit-for-purpose, meaning less change will be needed going forward, ensuring workers have more certainty and flexibility.