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13 October 2022

Senate Standing Committees on Community Affairs
Committee Secretary

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Social Services and Other Legislation Amendment (Workforce Incentive) Bill 2022

On 28 September the Senate referred the provisions of the *Social Services and Other Legislation Amendment (Workforce Incentive) Bill 2022* (Bill) to the Community Affairs Legislation Committee for inquiry and report.

The Housing Industry Association (HIA) provides this correspondence in response to the Bill, specifically Schedule 3 which proposes to increase the Work Bonus for pensioners allowing them to earn more before the pension income test is applied and their payments are affected. HIA understands that the measure aims to incentivise pensioners back into the workforce as a part of the Government's response to the current skill and labour shortages.

HIA is broadly supportive of the proposal. Measures that seek to respond to the current skill shortages being faced across the economy, including in the residential building industry, are considered positive.

Looking at ways of ensuring an adequate supply of skilled trades is a key component to ensuring that the significant volume of residential building work currently under construction can and approved but not yet commenced can be completed in a timely and affordable way. It is expected that the demand for skilled trades will remain exceptionally strong throughout 2022 and into 2023.

The residential building industry includes detached home building, low, medium and high-density multi-unit housing developments, home repairs, renovations and additions, along with the manufacturers and suppliers of building products and related building professionals. The industry has important linkages with other sectors, such as manufacturing, finance, real estate and retailing, meaning its impacts on the economy go well beyond the direct contribution of construction activities.

For example, it is estimated that the residential building industry engages over 1 million people representing tens of thousands of small businesses and over 200,000 subcontractors reliant on the industry for their livelihood.

The residential building industry contributes over \$100 billion per annum to the economy and accounts for 6.9 per cent of Gross Domestic Product.

Given the impacts of activity in the residential building industry the need to ensure it is operating efficiently should not be underestimated. The regulatory environment, particularly the opportunities to encourage skilled individuals back to the workforce, may have a direct impact on the operation of the industry.

HIA makes two additional suggestions that would enhance the proposal set out in Schedule 3 of the Bill.

- The measures remain in place beyond 2023

HIA's Trades Availability Index in the June Quarter 2022 reflected the most significant shortages of skilled trades since the inception of the report in 2003. Skill shortages are expected to persist into 2023, as long as pandemic-related staff absences continue, and overseas workers only slowly return.

On this basis, having this measure in place, until at least 2024, would provide ongoing opportunities for those with experience in the residential building industry to re-enter the workforce providing some relief to the current skill shortages. Further, having certainty as to the ongoing nature of the arrangements may provide added incentive for both an individual to re-enter the workforce and the industry to engage with the pensioner cohort.

- Focus on communication and education

Ensuring that the effect of the changes set out in the Bill are clearly and effectively communicated to pensioners is key. Explaining, for example, how many additional hours can be worked before there is any adverse impact on pension eligibility and the timeframe that the measures outlined in the Bill will be on foot is critical to ensuring those individuals wishing to take up employment opportunities have confidence regarding their financial arrangements.

HIA appreciates the opportunity to provide our views to the Committee and if you have any further questions in relation to this submission, please do not hesitate to contact [Melissa Adler](#), Executive Director, Industrial Relations and Legal Services.

Yours sincerely
HOUSING INDUSTRY ASSOCIATION LIMITED

Kristin Brookfield
Chief Executive Industry Policy