



Australian Government

Australian Government response to the
Senate Community Affairs Legislation Committee report:

Inquiry into the *Social Services Legislation Amendment (Enhancing Pensioner and
Veteran Workforce Participation) Bill 2022*

January 2023

Introduction

The Australian Government welcomes the Senate Community Affairs Legislation Committee (the Committee's) report to the Inquiry into the *Social Services Legislation Amendment (Enhancing Pensioner and Veteran Workforce Participation) Bill 2022*.

The Government thanks the Chair, Deputy Chair, Members, Substitute Members and Participating Members for conducting the Inquiry. These thanks are also extended to the Secretariat of the Committee. The Government also thanks those individuals and organisations who contributed their views to the Committee through either attending the public hearings of the Committee, or via the 14 submissions received by the Committee.

The *Social Services Legislation Amendment (Enhancing Pensioner and Veteran Workforce Participation) Bill 2022* (the Bill) was introduced into the Senate as a private member's bill on 3 August 2022 by Senator Dean Smith. It was referred to the Committee for inquiry and report.

The Committee majority recommended that the Senate not pass the Bill. The Australian Greens presented two recommendations regarding Age Pension age and income support payments. The Australian Government does not support one recommendation and notes one recommendation.

Inquiry into the Social Services Legislation Amendment (Enhancing Pensioner and Veteran Workforce Participation) Bill 2022

Recommendations made by the Australian Greens

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| 1. The Australian Greens recommend that the Government provide earlier access to the Age Pension, so that all those aged 65 and over are able to access it. |
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Not supported

Government response

Since 2009, consistent with social security law, the Age Pension age has been increasing by 6 months every 2 years until it reaches 67 years of age on 1 July 2023. The Age Pension age is currently 66.5 years.

The legislated plan to lift the Age Pension age reflects Australians' capacity to remain in the workforce longer and, in combination with means testing arrangements, ensures the Government will be able to continue to support those who need it most in a way that is fiscally sustainable for both current and future generations.

The 2021 Intergenerational Report¹ found that the ageing population is contributing to a decline in the proportion of net taxpayers as a share of the total population and to an increase in the proportion eligible for Age Pension.

There are more than 2.5 million Australians currently receiving Age Pension². The Australian Government spends more than \$1 billion a week on Age Pension. Expenditure is expected to grow from \$55.2 billion in 2022-23 to \$65.7 billion in 2025-26.

If a person below Age Pension age requires income support, they may be eligible for an alternative income support payment. In addition, Australians aged 60 years or over are able to access their superannuation tax-free if the benefit is paid from a taxed source and earnings on superannuation held in the retirement phase (such as in an account-based pension) are tax exempt, which is another concession that benefits many seniors.

¹ Refer [2021 Intergenerational Report | Treasury.gov.au](https://www.treasury.gov.au)

² Refer [DSS Demographics - June 2022 | Resources | data.gov.au - beta](https://data.gov.au)

2. The Australian Greens recommend that the Government increase the rate of income support across all payments, not just the Age Pension, so that it is above the poverty line.

Noted

Government response

Australia's social security system is designed to provide a safety net for people who, for reasons such as age, disability, caring responsibilities or unemployment, are unable to fully support themselves. The Government is committed to a welfare system that supports the most vulnerable, encourages those who are able to work or study, and is sustainable for future generations.

Income alone does not determine a person's living standard. Income measures do not take account of the person's consumption, their assets, or the value gained from a wide range of non-cash benefits available to them, including subsidised health, disability and aged care, concessions provided by the Commonwealth and state and territory governments, and other Government services.

Adult rates of income support, such as Age Pension, Service Pension and JobSeeker payment, are indexed each year in March and September to ensure they keep pace with increases in the cost of living. These rates were increased by 4 per cent on 20 September 2022.

Higher rates of income support are paid to individuals who need additional support, including people with children, primary caring responsibilities, or people aged over 60 years and on payment for more than 9 months.

Where recipients have additional costs, supplementary payments are also available. These include Commonwealth Rent Assistance for those renting in the private market and Family Tax Benefit for people raising children.

In addition, people receiving income support are provided a concession card that gives them access to cheaper prescription medicines under the Pharmaceutical Benefits Scheme and other health concessions.

Importantly, the Government provides assistance in various ways to all Australians, with income support payments being one component.