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13 October 2022

Committee Secretary
Senate Standing Committee on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Secretary,

Thank you for the opportunity to provide a submission with feedback on the *Social Services and Other Legislation Amendment (Workforce Incentive) Bill 2022*.

About Hancock

Hancock Prospecting Pty Ltd (HPPL) is an independent, privately owned Australian company that has a proud history with the Pilbara and the iron ore sector, and is one of the longest continuous owners of cattle stations in Australia.

Under the leadership of Executive Chairman Mrs Gina Rinehart AO, HPPL (including its majority ownership in Roy Hill) has become the most successful private company in Australia and one of the most successful private mining companies in the world. HPPL is today a diversified company group with interests in iron ore, gas, gold, beef, and dairy, as well as continuing mineral exploration and development.

Addressing the current worker shortage should be a top priority of government

Like many businesses across Australia, HPPL and its subsidiary companies and joint ventures are dealing with issues caused by acute worker and skill shortages. According to the Australian Bureau of Statistics, there are almost 500,000 job vacancies nation-wide, the highest number on record.¹

Of course, even this doesn't reveal the whole picture where businesses are struggling with worker shortages, there's also the knock-on effect from other businesses short of staff, be that for supplies, maintenance, etc, affecting businesses.

Federal and state governments should be addressing these worker shortages immediately to relieve the pressure on businesses and supply, and in turn on vulnerable Australians, pensioners and vets, struggling to deal with the increasing costs of living. This would increase reliability and capacity throughout the economy, reducing supply-side inflationary pressures, and give some of the most vulnerable Australians, pensioners and veterans with limited savings, the ability to work and improve their lives to better deal with rising living costs.

¹ Australian Bureau of Statistics, "Job vacancies, Australia, August 2022," September 2022, <https://www.abs.gov.au/statistics/labour/jobs/job-vacancies-australia/aug-2022>.

The *Social Services and Other Legislation Amendment (Workforce Incentive) Bill 2022* would assist by increasing the Work Bonus and giving pensioners and veterans who wish to work greater opportunity to do so, however, there are two issues with the Bill: the time-limit is misguided, and the small increase in work it will enable does not go far enough.

Pensioners and vets should have the opportunity to work more hours if they choose to, not just until 30 June 2023, but as a permanent policy change. Having any upper limit on the earnings of pensioners and vets necessarily means onerous paperwork burdens remain in place. These restrictions will be significant disincentives to pensioners and vets working more, and indeed to businesses hiring pensioners or vets if they can only work for a day or two per fortnight, and should be properly addressed.

HPPL and its Executive Chairman, Mrs Gina Rinehart AO, have publicly backed the campaign to let pensioners and veterans work if they choose to for some time. As Mrs Rinehart told *The West Australian* in November 2021: “Hancock recognises the shortage of staff Australia-wide disrupts many projects and delays supplies. We are a supporter of the government changing its policy where pension arrangements are concerned, so that pensioners can work should they so choose, without onerous tax resulting from their decision to work.”

Increasing the Work Bonus without limit, would be a win-win-win-win policy.

It will be good for pensioners and veterans, giving them more freedom and opportunity, allowing them work without onerous paperwork, and not be punished for choosing to work.

It will be good for businesses who can fill vacancies, increase their productive capacity, and make use of the experience and knowledge of older workers who might otherwise stop working.

It will be good for the economy as it will increase economic activity and both the supply of and demand for goods and services.

And it will be good for state and federal budgets, increasing income tax, payroll tax, and GST receipts.

Increase the Work Bonus without limit without delay

HPPL supports an immediate increase in the Work Bonus, without limit. The government should go further than the increase outlined in the *Social Services and Other Legislation Amendment (Workforce Incentive) Bill 2022*.

There should be two components to such reform:

1. Providing pensioners and veterans an unlimited opportunity to work.
2. Removing Centrelink reporting requirements for pensioners and veterans.

The current extraordinarily high effective marginal tax rate faced by pensioners and veterans who have limited savings and choose to work should be immediately reduced. But so too should the requirement for pensioners and veterans to file fortnightly reports with Centrelink. Put simply, the government should cut Centrelink red tape, not pensions for pensioners and vets.