

ATT: Mr Elton HUMPHERY
Committee Secretary
Community Affairs Committee
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600

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My submission to the Labor Party is on behalf of the age pensioners who I feel have been forgotten and poorly represented. These people have tried to support themselves and the country for at least 45 years and still support their families with guidance and emotional support. Many would be happy to continue in active employment.

I am hoping the Labor Party will assist in the improvement of the standard of living for age pensioners as well as bridging the widening skill deficit in this country of experienced and qualified trades and professional people.

The current government's lack of leadership in the area of training and development of skilled trade and professional workforce over the past decade has led to the current crisis in availability of skilled trades and professional people. Fortunately there remains a vast pool of expertise that lies with the retired or retiring generation. These skills should not be wasted. This wealth of experience and expertise cannot be replaced at similar cost by bringing people from overseas.

My concern is that pensioners lose 40 cents in every dollar that they earn if they continue to work. This acts as a major disincentive to resume in the workforce. Bringing in overseas trained people may help to fill some of our skills deficit but I feel there would be greater cost efficiencies for the government by enticing older retired tradespeople back into the workforce, and placing them within their industries on a permanent basis

so they could be working alongside, sharing skills and developing the younger workforce generation.

Tax incentives to the skilled aged pensioner could solve this. The aged pension currently amounts to \$16,345 per annum (\$314.50 per week including rental assistance of \$104 per fortnight). If a pensioner returned to the workforce he could forfeit his pension of \$314.50 per week in return for tax incentives. From the current ATO weekly tax table \$314.00 PAYG tax would equate to a weekly wage of \$1278 gross or \$66,456 per annum. This would be cost neutral to the government in terms of pension/income tax. This incentive could also be linked to compulsory private health insurance. Additional cashflow is likely to be generated from increased expenditure and hence increased GST collection from this typically lower income group. Cost savings are also likely to be yielded from reduced administrative costs related to Centrelink with this group.

Hypothetically if 50,000 pensioners were to go back into the work force then this would be a saving to the government of approximately 820 million dollars plus the opportunity to increase Australia's productivity, and the significant likely increase in GST revenue from increased expenditure.

From 2003 to 2007 the aged pension has increased by \$84.80 per fortnight extra for a single person. Rent assistance has increased \$9.60 per fortnight in this time. In this same time period petrol has increased by approximately an extra \$30.00 per week for my 74-litre tank full of fuel, food prices have increased by approximately 30%, and house prices have increased over 100%. Many pensioners are left with a deficit due to spiralling costs. Providing tax incentives to aged pensioners to resume active work will result in reduction of our country's skills deficit, reduction in spiralling welfare costs, and improve quality of life for aged pensioners due to increased available income with the spin-off of increased GST revenue from their likely increased expenditure.

Thank you for considering this submission. I look forward to your thoughts on my proposal.

Yours sincerely



Ronald D. DAVIS