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

Dear Senate Standing Committee on Community Affairs

RE: Inquiry into Social Security and Other Legislation Amendment (Pension Reform and Other 2009 Budget Measures) Bill 2009

While the ACTU congratulates the Commonwealth Government for increasing the base rate of the Single Age Pension, the ACTU expresses concern with the Government decision to increase the Age Pension eligibility age to 67 years of age.

The ACTU calls on the Government to acknowledge that there are three groups of employees approaching retirement:

1. Those who are unable to continue to work until retirement age.
2. Those who wish to transition to retirement by undertaking part time work based on access to a mix of income.
3. Those who wish to continue full time work until retirement.

The reality of the diversity of the workforce experience of Australian working men and women means that currently many workers are unable to continue working until retirement age and are accessing income support prior to receiving the Age Pension, while others are working longer and wish to mix sources of income from work, superannuation and/or pension support.

In this regard, the ACTU notes its opposition to the Henry Review Retirement Incomes Report recommendation that the Superannuation Preservation Age be lifted to 67 years of age.

The ACTU calls on the Government to consult on transition to retirement with a view to ensuring flexible arrangements to accommodate the wishes and capabilities of the three groups of employees approaching retirement.

The ACTU also congratulates the Commonwealth Government for extending the increase in the base rate of the Single Pension for Veterans' Service Pensioners, Disability Support Pensioners, and recipients of Carer Payment, Income Support Supplement, War Widow/er Pension, Bereavement Allowance, Wife Pension and Widow B Pension.

The ACTU understands the Government decision to not extend the Single Pension base rate increase to Parenting Payment (Single) recipients was based on other benefits payable to low income parents. The ACTU has not examined to the same extent the situation of the other groups to which the ACOSS refer. However, the data relied upon by ACOSS clearly shows that these groups are having difficulty making ends meet.

The ACTU urges the Government to consider longer term reform to income support system that sets a standard minimum income for all income recipients regardless of the reason for support based on budget standards. This would then be supplemented by specific allowances tailored to the needs of the recipient, eg job search, parenting, etc.

The ACTU encourages the Government to examine these groups in the context of equity, affordability and Budgetary capacity.

Thank you for the opportunity to make this submission.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sharan Burrow', written in a cursive style.

Sharan Burrow
President