

The Hon Jim Chalmers MP and The Hon Amanda Rishworth MP
PO Box 6100
Parliament House
Canberra ACT 2600

15 May 2023

To Minister Chalmers and Minister Rishworth,

Re: Proposal to change the income free area and taper rate for welfare recipients

The Antipoverty Centre is a collective of activists, advocates and researchers with direct experience of poverty and disadvantage, established to counter problems with academics, think tanks and others in the political class making harmful decisions on behalf of people they purport to represent. Our goal is to help ensure the voices and rights of people on the lowest incomes are at the centre of social policy development and discourse. We believe there should be no decision made about us without us.

We are writing to highlight our past advocacy in relation to changing the income free area and taper rates for people who have paid work but rely on social security payments, and to encourage you to make these changes to allow people to keep more of their employment earnings.

The irony of the opposition now pushing for these changes is not lost on us, especially since we advocated for them to keep the COVID settings in place when they wound back income support changes between September 2020 and April 2021. We also recently advocated to improve the income free area and taper rate rules at the Community Affairs Legislation Committee inquiry into the *Social Services Legislation Amendment (Enhancing Pensioner and Veteran Workforce Participation) Bill 2022*, and in many other related submissions to parliamentary inquiries and departmental consultations. We have attached our submission to this inquiry and related hearing transcript for your reference.



There are many reasons that people who are currently in paid work are still below the poverty line, including:

- they unable to either work more hours due to caring responsibilities, education commitments, disability or a combination of these;
- employers not giving more hours due to unfair workforce planning strategies or because they do not need them; and
- structural factors like labour force discrimination preventing people from finding more secure work.

These are just some of the significant barriers for people on payments to accessing sustainable employment income so that they no longer rely on social security payments to survive.

It is unfair that people who are already living in poverty and working, who are discriminated against and are doing their best only to be held back by our archaic social security system, are financially punished for working. Increasing the income free area and taper rates will go a long way to helping the 1 in 5 people on unemployment payments who have paid work survive in the face of extreme living cost increases.¹

Recommendations

We urge the government to make the following changes to ensure people with paid work do not lose a significant portion of their wages and retain a small social security payment until they are on a sustainable income:

1. Make the income free area consistent with the current Youth Allowance (student) and Austudy rules, enabling people on all payments to earn \$480 per fortnight before any reduction in their social security payment.²
2. Reduce the taper rate to 25 cents in the dollar for all payments, consistent with the taper rate for the partner income test that was in place in 2020.³ This change would reduce the current effective marginal tax rate of 79 cents in the dollar for people above the tax free threshold to 44 cents in the dollar – which would still leave people on the lowest incomes losing basically the same amount per dollar as people in the top income tax bracket.⁴

We emphasise that making changes to the income bank is not an acceptable alternative. This will do nothing to assist people who already have paid work, and does not address the problem of people losing up to 79 cents in the dollar on their employment income (for those who exceed the tax free

1 <https://data.gov.au/data/dataset/jobseeker-payment-and-youth-allowance-recipients-monthly-profile>

2 <https://guides.dss.gov.au/social-security-guide/4/2/2>

3 https://parlinfo.aph.gov.au/parlInfo/download/legislation/billsdgs/7859681/upload_binary/7859681.pdf#page21

4 https://www.ato.gov.au/rates/individual-income-tax-rates/?=top_10_rates



threshold). To make provide meaningful support you must increase the income free area and lower taper rates.

Now that the opposition is advocating for changes to the income free area and taper rate, it provides you with the opportunity to ensure people who rely on social security payments can earn at least the minimum wage before lose access to a payment. This will also mean people who are in low paid work and precarious work who are unable to secure more hours will remain connected to the social safety net.

There is nothing to fear in keeping a larger proportion of the population connected to the income support system as a result of changes that would see people on modest liveable incomes still receive a small welfare payment. This acts as a protective measure, ensuring that a person is quickly and easily able to receive an adequate income if their employment income drops or work capacity changes. It would also reduce stigma for those of us who rely more heavily on income support.

We request to meet with your policy teams in the coming weeks to discuss these proposals further. We will be in Canberra during the 19–23 June sitting week, and also hope to meet with you while we are there. We would be grateful for the opportunity to discuss these proposed changes and our other work related to employment and social security policy.

I can be reached via jay@antipovertycentre.org. or 0403 429 414 to coordinate a time.

Regards,

A handwritten signature in black ink, appearing to read 'Jay Coonan', with a stylized, cursive script.

Jay Coonan
Research and policy
Antipoverty Centre

**Antipoverty
Centre Inc**

Social policy on our terms.

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Senate Community Affairs Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600

community.affairs.sen@aph.gov.au

18 August 2022

To the Committee Secretary,

Re: Submission to the Senate Community Affairs Legislation Committee inquiry into the *Social Services Legislation Amendment (Enhancing Pensioner and Veteran Workforce Participation) Bill 2022*

The Antipoverty Centre is disappointed that proposed changes under the *Social Services Legislation Amendment (Enhancing Pensioner and Veteran Workforce Participation) Bill 2022* ignore the harsh financial penalties imposed on employed people who rely on unemployment payments to survive.

All working age social security payments are below the Henderson poverty line.

The government should treat with urgency the need for changes that would allow people on these payments to earn more before their income support is reduced and to lose less of each dollar we earn after the threshold is reached. This is not a matter of addressing labour shortages, but a matter of survival for the one-in-five people on unemployment payments who are employed, and the many others on working age payments who have employment income.¹

The Antipoverty Centre does not object to people receiving other payments being able to keep more of their income support if they are in paid work, but it is unacceptable to prioritise this ahead

¹ Department of Social Services (DSS), 'JobSeeker Payment and Youth Allowance recipients – monthly profile June 2022' [dataset], 15 July 2022, data.gov.au, Canberra, <https://data.gov.au/data/dataset/jobseeker-payment-and-youth-allowance-recipients-monthly-profile>, accessed 18 August 2022.

of the extreme inequity already affecting people on lower payments such as JobSeeker and Youth Allowance, which are about half the poverty line. Many people on these payments lose them before they are even able to get out of poverty due to the highly restrictive income free area and taper rates. It is particularly galling that this has taken priority in light of the fact that people on the Age Pension already benefit from significantly more generous rules than people on working age payments.

In April 2021 the government slashed the amount of money those in low waged and casual work can earn, ripping \$50–80 more a fortnight out of their budgets with taper rates changes at the same time as the JobSeeker base rate was reduced to half the poverty line.

The effect of this change is that even people who are employed 25 hours per week do not have enough income to get above the poverty line. Income support payments should not cut out until a person is earning at least the minimum wage.

Allowing people who have a low waged job to retain a small portion of their payment will ensure they have a liveable income. It will also enable people in insecure work to remain eligible for income support for longer, reducing the harm caused by the delay in getting back on to a payment when work dries up.

The government must also recognise that current labour market shortages are largely due to repercussions of the ongoing pandemic, and will not be solved merely by pressuring people on welfare payments to take up paid work – the jobs that need to be filled are often unsuitable. Older people and disabled people put their safety at risk when working in environments that do not accommodate their health needs. Allowing people to earn more will not solve structural unemployment and its causes, but this does not mean there is no need for change.

Recommendations specific to this bill

1. Extend changes to the amount that pensioners and veterans can earn included in this bill so that all income support recipients can reach the poverty line before their payment is reduced.
2. Remove the sunset provisions to make the changes permanent.

Take meaningful action to address labour shortages

There is substantial evidence to show that two significant barriers to paid work are poverty and “mutual” obligations activities. At this time there is an additional strain on the community resulting from the ongoing pandemic. If the government is serious about putting people in the best position possible to take up a job or additional hours, they will ensure we are well enough to do so and remove unnecessary stressors:

- All income support payments must immediately be lifted to at least the Henderson poverty line

while work is done to develop a more sophisticated measure of poverty that is fit-for-purpose in the 21st century.

- Participation requirements must be removed, and the current privatised (un)employment services system dismantled and replaced with high quality, voluntary supports delivered by the public service.
- Use public health measures to minimise the spread of COVID and make the community safer for disabled people and others who are at high risk of complications if they contract it.

For enquiries related to this submission please contact team@antipovertycentre.org.

Regards,



Kristin O'Connell
Research, policy and communications
Antipoverty Centre

Acknowledgement of Country

The Antipoverty Centre acknowledges the original peoples of this unceded continent, who have been custodians of Country for thousands of generations. First Peoples have connections to place, land, water and community that have been unbroken for 120,000 years.² We recognise Indigenous sovereignty and the cultural significance inherent in these connections, historical and contemporary. We pay respect to Elders past and present and stand with all First Peoples in the quest for self-determination, justice and truth-telling in the face of ongoing colonial violence, including that inflicted through racism in the social security system.

About the Antipoverty Centre

The Antipoverty Centre was established to counter problems with academics, think tanks and others in the political class making harmful decisions on behalf of people they purport to represent. We are activists, advocates and researchers with lived experience of poverty and disadvantage. We defend and fight for the rights of people like ourselves who experience violence at the hands of an economic system designed to oppress us. It is our mission to shift how people speak about and respond to poverty in this country. We work closely with peer support groups, activists and grassroots civil society organisations to complement their work. Our goal is to help ensure the voices and rights of people living in poverty are at the centre of social policy development and discourse. We believe there should be no decision made about us without us. The Antipoverty Centre is not politically aligned and does not accept funding that places political constraints on our work.

² Bowler, J., Price, D., Sherwood, J. and Carey, S., 'The Moyjil Site, South-West Victoria, Australia: Fire and Environment in a 120,000-Year Coastal Midden — Nature or People?', *Proceedings of the Royal Society of Victoria*, 130/2 (2019), 71–93, <https://www.publish.csiro.au/rs/rs18007>.

Title	Community Affairs Legislation Committee 21/09/2022 Social Services Legislation Amendment (Enhancing Pensioner and Veteran Workforce Participation) Bill 2022
Database	Senate Committees
Date	21-09-2022
Source	Senate
Parl No.	47
Committee Name	Community Affairs Legislation Committee
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Questioner	Rice, Sen Janet Smith, Sen Dean
Responder	Smith, Sen Marielle (The CHAIR) Ms O'Connell Ms Truong CHAIR
System Id	committees/commsen/26165/0001

Community Affairs Legislation Committee - 21/09/2022 - Social Services Legislation Amendment (Enhancing Pensioner and Veteran Workforce Participation) Bill 2022

O'CONNELL, Ms Kristin, Research and Policy, Antipoverty Centre [by video link]

TRUONG, Ms Isabelle, Project Contributor, Antipoverty Centre [by video link]

Committee met at 11 : 30

CHAIR (Senator Marielle Smith): I declare open this hearing of the Senate Community Affairs Legislation Committee's inquiry into the Social Services Legislation Amendment (Enhancing Pensioner and Veteran Workforce Participation) Bill 2022. I begin by acknowledging the traditional custodians of the land on which we meetâ□□for me, here in Adelaide, that is the lands of the Kaurna peopleâ□□and pay my respects to their elders past and present. I extend that respect to Aboriginal and Torres Strait Islander people who may be joining us here today.

The committee will be conducting today's hearing via videoconference and also in person. These are public proceedings. They are being videostreamed live via the parliament's website, and a *Hansard* transcript is being made. I remind all witnesses that, in giving evidence to the committee, they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence. Witnesses also have a right to request to be heard in camera. If a witness objects to answering a question, they should state the ground upon which the objection is made, and the committee will determine whether it will insist on an answer, having regard to the ground which is claimed. If the committee determines to insist on an answer, a witness may request that that answer be given in camera.

I'd now like to welcome representatives from the Antipoverty Centre. I understand that information on parliamentary privilege and the protection of witnesses giving evidence to Senate committees has been provided to you. I'd like to invite you to make a brief opening statement, and at the conclusion of your remarks I will be inviting various members of the committee to ask you questions.

Ms O'Connell : Thank you, Chair. I'm here on Gadigal country today and acknowledge elders past and present and recognise that genocidal policies are being continued through the welfare system up until today, and we have a lot of work to do to dismantle

those harmful policies that exist. I'm on the disability support pension and I have intermittent paid work, so the operation of income-free-area taper rates and related policies that dictate how our payments are affected, if we do have paid income, is directly relevant to me and to people that the Antipoverty Centre works with.

The approach taken in this bill is emblematic of the poverty machine created and perpetuated by successive governments, and, across the board, the problems the bill is aiming to solve are far worse for people on working-age payments than for age pensioners. As National Seniors Australia noted in their submission to the inquiry for the predecessor bill, the proposed changes are unlikely to make a meaningful difference to labour force participation, and a more effective measure would be increasing the amount people on working-age payments can earn. Responding to labour shortages by increasing how much age pensioners can earn, while ignoring the rest of us on Centrelink payments, is like trying to stem the blood flow on a gaping wound by applying a used bandaid. People living in deep poverty are paying the highest rates of tax in the country. We are being punished for finding paid work, with some of us losing up to 80 per cent of each dollar earned after we reach the tax-free threshold.

In 2020, the government doubled the income-free area, and the sky did not fall in. It makes no sense that they undid these measures last year, as it makes no sense that those measures are not being returned with this bill, or a separate complementary bill. Age pensioners can already earn hundreds of dollars more than the rest of us and are above the poverty line when they do. When we can't afford to live on the DSP or other payments in the first place—and for those of us with a disability, it's hard enough to overcome discrimination to get paid work at all—it's particularly cruel to cut into our payment the moment we get a few hours of paid work. And it's even worse to rip money out of the pockets of people living on payments even further below the poverty line. So we urge the committee to recommend the government do what's right and extend these changes to everyone on income support—or equivalent changes. And, if you're serious about addressing labour shortages, you will increase payments to at least the Henderson poverty line and abolish mutual obligations, to eliminate two of the major barriers to paid work. I think Isabelle is going to add a couple of comments.

Ms Truong : Good morning everybody. I would like to acknowledge that I'm speaking to you from Gadigal land today. I would like to acknowledge all elders past and present and also extend my respects to them and to all First Nations people, for whom sovereignty was never ceded.

Thank you for giving me an opportunity to address this committee. I am going to be honest. When I was initially sitting down to write my statement to this inquiry, I found it actually quite difficult to articulate how frustrating these proposed changes are and this entire conversation is. It does feel a little bit like theatre. I am aware that Kristin has gone over—I don't want to repeat exactly what she said. On the one hand, the Antipoverty Centre will always be in support of any measures, limited as they may be, to alleviate the profound stress levels for people living in poverty and on working-age payments. Therefore, increasing and expanding the income-free area is important for people who are more financially dependent on the age pension. However, it is really important to emphasise in the strongest terms that there is a huge cohort of people for whom this conversation is not happening.

Just for context, I am a full-time university student and I'm also a primary carer for my mum, who has a disability. I was working up until July this year but am now unemployed and am receiving the youth allowance payment. I had to make a decision, essentially, about which responsibilities and roles I had to prioritise, and a big factor in making that decision was the knowledge that the threshold for the income-free area for youth allowance recipients is \$75 a week. So, while my work was incredibly vital to my social networks and to my mental health, ultimately, given the other responsibilities that I had, knowing that I would effectively be taxed on the little work that I was able to get, at the expense of having time at home to care for my mum, it meant that I ended up

leaving the workforce.

This entire conversation does feel a little bit like theatre, and I think it would be salient for the committee to consider the impact of an income-free area not just for people who are on the age pension but for people on all the other payments, who are also living in deep poverty.

CHAIR: Thank you both for your opening statements. I'm going to go to Senator Rice and then Senator Dean Smith, and then I have some questions.

Senator RICE: Thanks, Kristin and Isabelle, for your submission and your evidence to us today. Can I just clarify what your position would be if the measures in this bill were extended to all income support recipients.

Ms O'Connell : As Isabelle stated quite clearly, we are very happy for every payment to receive any change that will allow people to earn any more money at all, because all of us are on a payment below the poverty line. We have, in past inquiries for different bills, put forward proposals that are quite clear and quite simple. It doesn't really matter to us the mechanism, whether it operates in the same way as the working credit operates or whether it is a change to the income-free area, as long as the net result is the same and as long as people do not need to wait for a tax return to see the financial benefit.

Senator RICE: Okay. Going to the specifics and perhaps your experience, Isabelle, one of the aims that this bill is trying to achieve is to get people who want to work, who are being limited from working, back into the workforce. This bill obviously focuses on the age pension, but your experience is another cohort of people. Can you talk through what your work previously was and give us a bit more information about your decision-making process that led you to leave the workforce and the impact on you of doing that and whether it's because of the income limits?

Ms Truong : Yes. I was previously casually employed, just working in retail. I really enjoyed my job. It was incredibly important, given my other responsibilities, in being able to talk to people my own age and have the social aspect of work, as well as having a purpose, I guess, in that sense. The fact that the income-free area is so low for people on payments like youth allowance, or indeed JobSeeker or any other payment, was partly a factor in determining and understanding how I was going to prioritise my various responsibilities and my financial situation, and whether I was going to continue working or studying or whichever decision I made. It was really disappointing for me to leave work and I am really hopeful that I will be able to get back into work. But it is really, really hard when the little money that I am making I'm then being penalised for, if that makes sense.

Senator RICE: Can you talk us through how, with the income threshold that you would have been on, you could only earn an extra \$75 a week. What happens if you earn more than that?

Ms Truong : It's a question of: how much is my time worth? Knowing that any money that I do earn over that is going to be cut by, I think, something like 50c in the dollar or 60c in the dollar or something like that I had to weigh that up against me staying at home, and attending to my responsibilities in that way. It's a question of competing priorities, and in my situation not everyone would have made the decision I made. But at the end of the day I was having to prioritise my health and making a situation that was sustainable for me. And it just didn't feel like the best use of my time anymore, knowing that what I was making was not even fully going to be worth that.

Senator RICE: So basically because you're not in the position to be working full-time because you've got caring responsibilities, you are going to be reliant on youth allowance to some extent? Effectively your hourly rate after you earn \$75 is reduced to half of it, so you'd only be earning a bit over \$10 an hour.

Ms Truong : Yes, something like that.

Senator RICE: So you've made the decision that because of those caring responsibilities that it's just not worth it?

Ms Truong : Yes.

Senator RICE: That's a really important real-life example of how this works.

Kristin, could you comment, more broadly, about the impact that this has on skills and the workforce, and the limitations that this is meaning for Australia that we've got these incredibly limiting income taper rates?

Ms O'Connell : The first thing that comes to mind for me is also the need for people to spend a lot of energy managing their situation so that they don't lose connection to a payment. Because you can earn so little before you lose your payment completelyâ□□and for people on JobSeeker and youth allowance, once you're earning enough to lose your payment you're not even out of poverty yet.

When you have an insecure job, you needâ□□a lot of people, and I know that in the past I've absolutely done this when I've had a bit more work and been on Newstart try and calibrate everything so that they don't earn enough that they will fully lose their Centrelink payment because it is so difficult to get back on to your Centrelink payment and you have no savings and you cannot afford to have that gap to process a new application if you do lose some work. People are trying to manage all of these things. Whether it's competing priorities, and assessing if the little income they'll still keep after their taper rate is applied is worth working for at all, or whether it is making an assessment about whether you're going to do 30 hours this week or 25, because that's the difference between the payment going to zero, where people are kind of constraining their ability to contribute to the labour market.

We know that with the labour shortages we're seeing there are a lot of jobs that are not entry-level jobs and that are not easy jobs to fill, and I think unemployed people are being blamed and brutalised for that through the media. But there are also retail jobs and other jobs that are entry level, that someone can pick up those skills relatively easily or, as in Isabelle's case, may already have those skills. Then it's just a matter of having to figure out, like she said, if it's going to penalise me if I engage in that work. There are also people like myself who have much less consistent work. So you're looking at, 'If I work the amount this fortnight that I have the option to work, will I lose my payment completely?' That has happened to me once or twice, where that really short burst means it does have that effect. Then you say: 'Well, it's going to be really stressful. I'm on the DSP. There's a reason I don't have secure, ongoing employment. It's going to be really hard to do this work, and I'm still going to be struggling to live, because all of that income I get is going to take away the pittance I get for my DSP anyway.' It's obvious what's going on here. It's crazy that we have arrived at this point without this problem being dealt with long before. We have about 200,000 people on unemployment paymentsâ□□about one in five peopleâ□□who currently have paid work or reported paid earnings, on average every month. So that's the number of people we're talking about just on unemployment payments, youth allowance and JobSeekerâ□□who are currently affected by this. Then there are people on the DSP, the parenting payment and the carers payment who are also affected.

Senator RICE: If this bill was extended to all income recipients, you said that it would be a step forward. My final question is: what would you like to see in terms of changes to our income support mechanisms?

Ms O'Connell : I touched on this in my opening statement. We have a couple of major barriers to work on in the income support system: the fact that people are poor and can't afford to live and that people's time and energy are being consumed by mutual obligations. So, while that's not what this bill is seeking to address in legislation, the

underlying purpose of this bill, the stated aim of this bill, is to address labour shortages. Again, if you're serious about that, it means actually creating a supportive welfare system. That would do far more to help fill these gaps in the labour market than even some of the tweaking around the edges. Yes, those will make a difference, and, as we've said, we're very comfortable with aged pensioners being able to earn more money, it just makes no sense at all that it would be restricted to that cohort.

Senator RICE: Just to summarise, what is that supportive welfare system you'd like to see?

Ms O'Connell : It's very simple. We'd like to see payments above the poverty line, no mutual obligations and people allowed to earn enough money to get out of poverty before they lose their payment.

Senator RICE: Thank you very much.

CHAIR: Senator Dean Smith.

Senator DEAN SMITH: Thank you very much to the Antipoverty Centre for being available this morning. Can you share with the committee what you are witnessing or indeed experiencing for yourself in terms of cost-of-living pressures?

Ms O'Connell : Yes, absolutely. It right now is getting harder and harder to live. What I am personally seeing, on top of my own experiencesâ□□I'm just cutting back on food. And I'm really luckyâ□□because I'm on the DSP, I have a bit more than other people on income support payments. But every time there is a sudden bump in the cost of living, every time a new welfare change is announced that people feel is harmful, I am inundated with people sending me messages about suicide and self-harm. Every time we come to these inquiries we say this, and every time it is ignored that this system is harming and killing people. That's what we're seeing when there's a cost of living pressure. My rent just went up by \$100 a week. When that happens we have to scramble to find ways to survive, and it's really hard. Isabelle might want to add something too.

Ms Truong : I'm incredibly lucky and privileged not to have to pay rent. I am able to study and live at home. But there is something that's very hard to articulate, unless you've been on a payment, which is the low level of anxiety that exists. You're not necessarily in crisis, but, as Kristin was saying, any announcement, any change, any looming crisisâ□□something breaks in the house, mould growing, anythingâ□□can jeopardise what is an incredibly precarious situation. And the cost-of-living crisis that we are going to be experiencing and are experiencing will only exacerbate and heighten what is already an incredibly difficult existence long-term for people trying to live on these payments.

Senator DEAN SMITH: If I've understood your evidence thus far, you do agree that there are people who are willing to work but, because of the financial disincentive that exists in the welfare system presently, don't take up the opportunity for work.

Ms O'Connell : I think it's not so much a question of willingness; it is a question of capacity. For example, there are costs associated with working. Getting to work, for most people, costs money. If you're looking at going to catch a bus, that's going to cost you \$2 each way, and when you get there you're going to earn somewhere between \$10 and \$15 an hour. Do you have to prepare food to take with you? Are you going to be able to store that food when you get there? These are all the things that run through our heads constantly when we're making these judgement calls. So I don't think it's a question of willingness; I think it's a question of whether you actually are enabled to make that decision. We also have to acknowledge that right now something like 80 per cent of peopleâ□□maybe it's 83 per cent of peopleâ□□on JobSeeker, for example, have been on an unemployment payment for more than two years and are experiencing extreme discrimination in the labour market.

Again, lifting payments is going to put people in a better position to be well so that they can try to get into a labour market that is still discriminating against them even though we have these labour shortages. We have been hearing stories up till now, with all of the fuss that employers are making about not being able to find people, of unemployed people who are applying for jobs and being passed over. I heard from someone last week who applied for a job at Coles. Coles is doing a lot of advertising at the moment. They didn't hear anything, so a week later they logged into the online portal to see what the status of that application was, and their entire profile had just been deleted by Coles. That's the kind of treatment people are facing. It's really hard when they look at your circumstances and you don't have any capacity to get yourself in a great position to be what an employer might consider more employable. So I think it's a lot more complex than people just saying, 'I'm willing to work, it's kind of not worth it.' That's a little bit of it, but it's not really in any way telling the story.

Senator DEAN SMITH: But you do agree that there are financial disincentives in the system at the moment?

Ms O'Connell : That's right. Like I said, people are being taxed more than the highest income earners per dollar once they get to the point where they have 60 cents taken out of each dollar of their payment, which happens if they're on JobSeeker once they earn \$250 per fortnight, which is a couple of hours work a week. For folks who are in semistable casual work, they will hit their tax-free threshold in the year. Once you hit the tax-free threshold, you're adding an extra 19 cents in the dollar onto what you're ultimately going to have taken out of your pay. So you can see how people say: 'I'm going to end up with, out of my 20 bucks, maybe a few dollars. Why would I even try to cover that bus fare to get where I need to go to do this job?'

Senator DEAN SMITH: Thank you. Further, your criticism of the bill is that it's narrowly focused. Have I understood that correctly?

Ms O'Connell : Yes, that's correct.

Senator DEAN SMITH: I go back to cost-of-living pressures. Can you identify three or four of the most immediate cost-of-living pressures and the ones that are creating that heightened sense of anxiety or concern that was identified or foreshadowed by your colleague?

Ms O'Connell : For meâ□□and it's very different for everyone, depending on their circumstancesâ□□it's rent, food, electricity and gas. Those are the things that are in the headlines and those are the things everyone knows about, and they're hitting us the hardest. In terms of a fourth, I don't think there probably is an obvious one, but those are so biting and so non-negotiable.

Senator DEAN SMITH: Thank you very much.

CHAIR: Thanks for giving your evidence today. I note the broader issues here and I do appreciate your perspective on the broader questions around income management and how we handle poverty in Australia. I note we've got another reference enquiry coming up where I'm sure we will have you back to talk about those issues more broadly, but with the last few minutes we have I go to the specifics of this bill. I note that, as you said to Senator Dean Smith, your concern is about the narrowness of the eligibility for this measure. You do support pensioners being able to take this up as well. You support this as a mechanism of incentivising pensioners get back into work. Is that correct?

Ms Truong : Broadly speaking, yes, we will always be in support of any measure that alleviates any sort of financial difficulties for people relying on working wages payments or people broadly. The criticism here is that there are structural labour shortages, and I think the National Farmers Federation alludes to that as well, and that there has been lack of actions from successive governments. And there are industries with labour

shortages decades in the making because of the way that they relied on certain cohorts of people who are no longer guaranteed or relied on wage exploitation. As we said, people no longer want to work these jobs, because they're not going to be paid enough to live on. Our issue with this bill is that it does not address the structural issues that contribute to labour shortages. But, yes, we will always support any measure that allows people to make enough money to lift themselves out of poverty.

Ms O'Connell : To add to that: in terms of incentivising age pensioners, I don't think that's really going to work at all. I think there are other organisations that have expressed a similar position. This isn't going to address labour shortages. Either we are talking about getting a small number of pensioners who are in such desperate poverty that any opportunityâ□□people in that situation are already taking any work they can get. Again, workforce discrimination means they are not getting that work. Of people who are comfortably retired, even if they're getting a part pension, there will be some people, but very few are going to see this as a good use of their retirement if they're able to live already.

What really demonstrates how hard it will be to fill labour shortages with age pensioners is in the Grain Producers Australia submission. They've laid out this dystopian vision, saying, 'We're going to need to get rotating teams of pensioners to come out of retirement and drive heavy machinery, because the work is likely to be too onerous for people in that age group.' What if we actually did something visionary and said, 'How about we create a really supportive program that helps long-term unemployed people develop the skills to do that and supports them financially to relocate to do that?' The programs we have in place currently that purport to do that don't do that. There is so much we could do to help transition people into employment, but employment services as they exist just get in the way.

CHAIR: I appreciate your perspective on that broader issue. In terms of the way this bill provides those additional incentives for pensioners to work, you may be aware that the government has a proposal on the table which is similar but allows \$4,000 to go into that income bank upfront, which means that, if pensioners are seeking to work in, say, seasonal employment around Christmas time or in something specific, they can access that straightaway. I'm interested in your perspective on that as a concept in terms of the incentivisation as opposed to the idea that you would need to accrue this bank over many payments.

Ms O'Connell : I think that would make an immediate difference to people. I also note that, although small income banks currently exist for people on some paymentsâ□□for example, on the DSP we don't have one at all, so it doesn't matter how long I don't have paid income; I will never be able to take advantage of even that small thing. Something as simple as that will immediately provide some relief. It will obviously not go far enough, but any little bit of help we can get is going to be more than welcome.

CHAIR: I appreciate that. In terms of your view beyond the question of income payments, what do you think we could be doing to increase the labour supply? Older people are particularly of interest because that's what this bill is focused on, but, more broadly speaking, are there other things that government or industry could be doing to increase the representation in the workforce from underrepresented groups? What does that look like?

Ms O'Connell : And Isabelle touched on this before. Unfortunately, we are at this juncture because of structural issues that have been in play for a long time, and there isn't an overnight fix for that. There is work to be done by employers and government to overcome age discrimination. Right now, we have a lot of older people who are very capable, and their skills are not being respected. That's particularly the case for older women. We also need to recognise that there's a lot of unpaid work going on, which means flexible work arrangements are needed to enable people to get into the workforce. Regarding that word 'willing', if someone is willing to work, they may be

really keen to do paid work. But, if you're a caregiver for children or adults and you've got those commitments, that means the work has to fit around you. Again, in terms of working with employers, how are we going to create more accommodating and flexible jobs that allow people to get what they need without asking them to do things they just can't do? We've also got mismatch, where there are unemployed people who are not where the jobs are. In terms of skills mismatching and location mismatching, all that stuff needs a lot more work, and, whether you're an age pensioner or of working age, those barriers apply.

CHAIR: Excellent. Thank you both very much for your evidence today. I don't believe we have questions from other senators, and we are at time anyway. I really appreciate, as always, your contribution to this committee, and I'm sure we will see you again soon.

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