

Boosting the mature age workforce

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National Seniors Australia has welcomed the Australian Chamber of Commerce and Industry's (CCI) call today to remove the barriers for pensioners who want to work and Minister Stuart Robert's announcement of increased support for mature workers.

Pensioners can help to meet the shortage of workers in the economy – but only if government fixes the punitive income test that discourages them from participating in the workforce.

Pensioners retiring with limited savings are effectively taxed 50 cents in the dollar when they work more than one day per week. They need to work but don't see the point.

An untapped resource

Australia has a large untapped resource of mature aged workers compared to many other countries.

According to ABS, 4.3m Australians are aged 65 and over, however, an OECD report highlights only 14.2% (610,000) are in the workforce compared to 19.44% in the USA, 24.8% in New Zealand, 25.48% in Japan and 34.34% in Korea.

New Zealand pensioners are not penalised for earning additional income through work. If Australia can achieve a participation rate of over 65's similar to New Zealand's 24.8%, it will result in an additional 455,000 available workforce.

Department of Social Security (DSS) data shows there are 2.6m pensioners but only 84,000 (3.4%) have employment income. Those with limited savings are penalised if they work, so they don't.

What can be done

While we support CCI's call for an increase to the Work Bonus and Minister Robert's extension of the Pensioner Concession Card for those who lose the pension from work, this doesn't go far enough.

"National Seniors is calling for an exemption to the income test for pensioners with limited savings. Chief Advocate Ian Henschke has said.

A targeted exemption will encourage the thousands of retirees who have little additional income to get back into the workforce to boost the economy and their own incomes. This should be done as a two-year trial while we lack workers from overseas to test how effective it is."

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Ian Henschke is available for comment, call 0418 815 319 to arrange an interview