

7 Flower Street
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20th October, 2024

The Hon. Amanda Rishworth, MP
Minister for Social Services of Australia
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

Dear Minister,

I write regarding your response addressed to Ms Susan Temleman MP, Chair, Standing Committee on Petitions, Ref MC24-007684, dated 29th July 2024, regarding my ePetition to the House of Representatives, EN6227.

It is clear to me from your 'cut & paste' response that there has been little or no effort to digest or try to understand the intention of the petition and how it could potentially benefit everyone.

The aim remains to provide Aged Pensioners incentive to re-enter the Workforce contributing to the current skills shortage solution and potentially reducing the financial burden on Government without disadvantaging those unable to work.

Clouding the issue with irrelevant references to the Aged Pension income free threshold and the increase in work bonus accrual cap have no bearing on incentivising Pensioners to return to work is irresponsible and insulting in my view.

The Petition is not calling for the abolition of the 'Work Bonus' but merely revising it to entice more Pensioners to return to the workforce legitimately.

I would appreciate it if you could try to understand the actual intent of the Petition and review your response. Please find below comments regarding your response listed by paragraph.

Ref: MC24-007684

Paragraph 1 Intro

Paragraph 2 Outlined Pension description

Paragraph 3 Refers to the Work Bonus and includes Income free threshold which is available to all Pensioners regardless of any Gainful Employment Income, this is a separate issue and has no significance to the subject.

Paragraph 4 Refers to the ability to accrue the fortnightly work bonus, the \$7800 income threshold for gainful employment per annum remains, this merely allows for peaks and troughs in income and irrelevant to those with regular work.

Paragraph 5&6 The \$4000 up front credit. This is probably the most misreported and confusing change to the work bonus. The \$4000 increase to the work bonus accrued balance

has a one off benefit of \$2000 as \$2000 of the '\$4000' would have been received anyway. The ongoing increase to \$11,800 refers to the accrual cap and not the earning threshold. A one off benefit of \$2000 is unlikely to entice people to change their lifestyle.

Paragraph 7 Again reference to the pension income free area and taper rate has no influence on a decision to return to work as this is available to all Aged Pensioners regardless. The Income free area is to offset the deemed rate of return on a Pensioner's investments. The deeming rate is set by the Government and subject to change based on national and international finances, election cycles etc. The actual return on investment is irrelevant to the deeming rate and therefore completely out of the Pensioners control.

You also state "...The design of the Work Bonus in particular recognises the substantial benefits for older Australian, and the broader community, of continuing to work". This seems contradictory to the actual situation and would suggest a lack of understanding of the restrictions created by the work bonus system or the real recognition of the benefits are extremely low.

Paragraph 8 "The current settings under Work Bonus already provide a substantial incentive for pensioners....." Why then have 28,000 pensioners stopped declaring income from pre-covid to March 2023. Resistance to implement indexation erodes the value of earning threshold, particularly relevant during the current cost of living crisis. The Work Bonus threshold has not change since July 2019. Your reference to recent changes, assuming that refers to the \$4000 Work Bonus, previously address is insufficient.

Paragraph 9 The call to combine Work Bonus balances is to solve the issue of inflated taxable income for the earner if only one party of a couple is working. If the earner's income results in a reduction in Pension, the reduction applies to both parties, 25% each, however the 25% deducted from the non-earners pension remains on the earner's taxable income. There may be better ways to handle this anomaly rather than combining Work Bonus balance.

Paragraph 10 End

I totally reject the inference that the current Work Bonus structure provides adequate incentive for Pensioners to return to the workforce.

I do not understand how the current system can be considered adequate incentive when;

- the work bonus threshold has only increased by 20% since 2009 compared to Australian average wage increasing by 88%
- Pre-covid, 99,691 pensioners reported receiving >\$250 in the last fortnight, March 2023 this figure was 70,892 a drop of 28,799 reporting legitimate earnings.
- Cost of living increases means the threshold actually reduces in value.

The idea of adequate incentive is misguided.

The potential benefits to increasing the threshold, indexing the threshold and addressing other issues include:

- Release of dormant workforce
- Increased productivity
- Potential National saving to Governments in excess of \$70,000,000 including GST or \$2,800,000 in pension payments alone.
- Pensioner physical and mental health

This is not calling for the abolition of the work bonus system, merely bringing it in line with inflation. An increase from \$300 to \$500 per fortnight may not be sufficient to restore pre-covid levels of participation but there must be a sweet spot somewhere.

I suspect the first response from any Government department is to resist change, why can't we do it? I implore you to analyse the suggested changes as the current negative influence on Pensioners work participation will only magnify in line with inflation.

I am not a Politician, Accountant or Lawyer, just an Aged Pensioner, and like many others, trying to maintain a lifestyle and frustrated by the penalties imposed in doing so.

This issue will not just go away, for more detail please refer to www.workingpensioners.com.au

I thank you for your consideration and look forward to mutually beneficial dialogue in the very near future.

Yours faithfully

Greg Jarvis
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CC: Hon Anthony Albanese MP
Hon Peter Dutton MP
Hon Jim Chalmers MP
Hon. Angus Taylor MP
Senator the Hon Sarah Henderson
Hon. Michael Sukkar MP
Ms Mary Doyle MP
Mr Manny Cicchiello