



Brotherhood
of St Laurence

Working for an Australia free of poverty

Response to
Grey areas
Age barriers to work in Commonwealth laws

Brotherhood of St Laurence

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Brotherhood of St Laurence
67 Brunswick Street
Fitzroy Vic. 3065
www.bsl.org.au

Response to the Australian Law Reform Commission prepared by Nicola Ballenden, CEG-AP, on behalf of the Brotherhood of St Laurence, with the assistance of Dr Helen Kimberley, Dr Dina Bowman, Professor Simon Biggs and Michael Horn.

For further information or to discuss this presentation, please contact:
Dr Helen Kimberley
Principal Researcher
Research and Policy Centre
Brotherhood of St Laurence
(03) 9483 1306 hkimberley@bsl.org.au

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Brotherhood of St Laurence recommendations

Age Pension

Income tests for access to the full Age Pension should be more generous for non-home owners who are not in public housing in recognition of the additional financial burdens they face in the private rental market.

The government should investigate allowing non-home owning retirees to combine superannuation and other savings to invest in a 'housing annuity'. The housing annuity could provide a small supplement to the Age Pension without affecting pension rates in order to assist this group of pensioners to meet the costs of private rents.

Work Bonus

The Work Bonus scheme should have more generous fortnightly and annual income caps for people who have low levels of other assets, particularly those who are not home owners.

Clarity on income tests

Information on different income tests for the Age Pension and Work Bonus is confusing and should be clarified.

Social security reform

Reforms to social security could improve workforce participation of mature-age workers, thus improving the probability that they will continue to work into older age. Improved flexibility within the social security system is particularly important in light of the increasingly deregulated and casualised labour market.

The Brotherhood recommends:

- Rules around having to serve waiting periods to get access to Newstart after leaving a job should be reviewed.
- Job seekers who find work should be able to retain access to their Health Care Concession Card for a period of time after obtaining employment. Those people who have been out of the work force for some time should retain the Health Care Card for at least 6 months.
- Rules around the liquid assets waiting period should be reviewed, particularly for older workers attempting to build savings for retirement.
- There should be flexibility around how hours of work are calculated. This should be done quarterly, with capacity to 'bank' hours.
- For mature-age people on Newstart who undertake some paid work, the taper rates (i.e. the rate at which the Newstart Allowance is lost) should at least be the same as those for sole parents on Newstart.
- Working Credits should be available to mature-age people moving from Newstart to paid work.

Employment assistance

There is substantive evidence that the government employment assistance system, Job Services Australia (JSA), does not meet the needs of the most disadvantaged job seekers, many of whom are mature-age workers. The Brotherhood recommends:

- There should be a focus on training and skills development that meets the needs of low-skilled mature-age workers **and** the needs of employers.
- A number of measures were introduced during the global financial crisis to assist workers dislocated by economic change. These include Queensland's Rapid Response Teams, New South Wales's Retrenched Workers training program and Victoria's Workers in Transition program. The Brotherhood recommends that these programs could be developed and targeted to assist low-skilled mature-age workers who continue to be at high risk of unemployment through structural change within the economy.
- The JSCI (Job Seeker Classification Instrument) loading for those aged over 50 should increase, particularly for job seekers classified as disadvantaged.
- In the Brotherhood's view, the different activity tests for mature-age jobseekers are reasonable in light of the longer periods they spend out of the workforce. However mature-age jobseekers should be able to 'opt in' and have a Employment Pathway Plan with a mix of voluntary and work experience activities designed to lead to employment, developed for them by their JSA, should they choose.

Eligibility for government employment assistance

As the ALRC paper notes there is a pilot scheme, the Experience+ program, which is designed to help mature-age job seekers who are not eligible for the government's employment services. The Brotherhood recommends that, particularly given the apparent large-scale failure of recruitment agencies to assist mature-age job seekers to find work, there is a need to consider further government involvement in this area. This could involve:

- extending schemes such as Experience+ and/or
- changing the eligibility requirements for government employment assistance programs for mature-age job seekers.

Carer payment

Improvements to the Carer Payment could increase opportunities to engage in paid work for this group.

Beneficial changes might include:

- lifting the 25 hour rule to up to 30 hours a week to bring it into line with the Disability Support Pension.
- calculating the hours of work, study or training on a quarterly rather than a fortnightly basis to allow for variations in work patterns.
- allowing some hours not worked to be banked as with the Work Bonus.

- extending the period that carers can remain on the Carer Payment after their relative enters care (or dies) to up to 26 weeks. This is particularly important for carers who are older and/or have been on a Carer Payment for an extended period of time.

Superannuation

In the Brotherhood's view the denial of tax concessions for superannuation and other savings should be based on accumulated wealth and not on age. That is, those who have not yet saved enough for a comfortable retirement should continue to have access to concessional savings no matter what their age. By contrast, those who have already saved enough for a comfortable retirement should have access to these concessions limited.

Discrimination

Recruitment agencies are an important source of assistance for older workers, yet as the ALRC notes, discrimination is rife within this sector. This discrimination may reflect attitudes to older workers among employers. Government action should include:

- a broad marketing campaign to improve employer attitudes to older workers
- a targeted campaign focusing on recruitment agencies, reminding them of their legal obligations and the discrimination legislation that applies to their business in relation to mature workers.

Campaigns combating discrimination against older workers need to be supplemented by targeting training for recruitment agents, HR managers and employers about the economic and other benefits of a diverse workforce.

Family assistance

Child Care Benefit and Rebate

Grandparents' exemption from the work study test should continue. The aim of legislation should not be to penalise older Australians who are not in the workforce but to ensure there are not barriers to their participation.

Jobs, Education and Training (JET) Child Care fee assistance

The Age Pension should be included among the Centrelink payments for eligibility for Jobs, Education and Training (JET) Child Care fee assistance. Currently the Age Pension is not included. With increasing numbers of older women needing to continue working or return to the workforce, some may be discouraged from working or from job searching, training or studying.

Employment

Flexibility

The Brotherhood does not support including age alone as a basis upon which an employee should be able to request flexible working arrangements on two grounds: Firstly, age alone cannot be assumed to be a factor in requiring flexibility from the workplace; and secondly, a possible outcome could be increased discrimination against older workers.

Instead of highlighting the types of workers that require additional flexibility, all workers should have the right to request flexibility for a broader range of reasons which could include undertaking

additional study or training, caring responsibilities and ill health. These measures will improve workplace flexibility for all workers and older workers will also benefit.

It should be noted that employers have the right to refuse flexible working arrangements.

Occupational health and safety

Organisational cultures that encourage inclusion of older workers are likely to benefit all workers. Specific strategies might include:

- promoting the development and training of mature workers
- using positive language and images of older workers
- fostering interpersonal and intergenerational relationships through alumni activities, websites and social media tools
- providing information regarding occupational health and safety through multiple media to accommodate language, literacy, numeracy and digital abilities of the range of workers of all ages
- designing procedures for accommodation requests in order to proactively manage an age-diverse workforce. These may include lighting, ergonomic furniture, grip rails, and sensory and lift policy changes. (These changes would also assist workers with a disability or mobility issues who are not older.)

Migration

The age restrictions contained within Australia's framework of migration laws are lagging behind those of many OECD countries where older migrants are now seen as part of the solution to demographic challenges and affluent retirees are targeted as migrants.

Discrimination against older migrants creates risks of losing the competition for older workers, losing potential knowledge and skills.

The existing age restrictions on migration should be reviewed with reference to international developments (e.g. those in the OECD) and the overall contribution that older migrants could make to productivity.

1 Introduction

Older people are a wonderful resource for their families and communities, and in the formal or informal workforce. They are a repository of knowledge. They can help us avoid making the same mistakes again. Indeed, if we can ensure older people live healthier as well as longer lives, if we can make sure that we are stretching life in the middle and not just at the end, these extra years can be as productive as any others. The societies that adapt to this changing demographic can reap a sizeable ‘longevity dividend’, and will have a competitive advantage over those that do not. But this will not come easily. We first need to change the way we think and the way we do business. We need to discard our stereotypes of what it is to be old. We need to consider the interaction of ageing with other global trends such as technological change, globalization and urbanization. We need to ‘reinvent’ ageing. Above all, we need to be innovative and not simply try to reinvent the past.

Dr Margaret Chan, Director-General World Health Organization,
foreword to World Economic Forum 2012, *Global population ageing peril or promise*.

The Brotherhood of St Laurence welcomes the Australian Law Reform Commission Inquiry into Age Barriers to Work in Commonwealth Laws and is pleased to have the opportunity to provide feedback.

This submission has the following structure

- Part 2 provides an overview of older people and social exclusion in Australia
- Part 3 examines how the changing labour market is impacting on disadvantaged mature-age workers and suggests that a more flexible social security system and more targeted employment assistance schemes could assist them to remain connected with the labour market.
- Part 4 provides an analysis of why current policy settings within the retirement income system are not working for disadvantaged older people either in terms of workforce incentives or building retirement savings and proposes some ideas for reform.
- Part 5 provides specific feedback to questions raised in the ALRC Issues paper.

2 Older people and social exclusion

The Brotherhood broadly supports the goal of reducing barriers to workforce participation for older people. For older Australians who are disadvantaged and socially excluded, work provides income, the capacity to build retirement savings, a sense of purpose and a connection with the community. Participation in paid work can increase both financial and social wellbeing, and so reduce the significant risk that people over 65 have of being socially excluded. On a national level, removing barriers to workforce participation will also assist in ensuring continuing economic growth and will help to ameliorate the financial costs associated with an ageing population.

The Brotherhood’s comments in this submission are based on the assumption that the capacity of any adult to undertake a job should determine eligibility. Since ability and capacity varies among adults of all ages, age should not be the determinant of ability/capacity to work. It is important not to make ‘older workers’ a special category with specific regulations and policies. It is much more effective and equitable to develop flexible, inclusive policies that enable a diverse range of people to be employed, with adequate protections to safeguard their health and wellbeing and rights at work.

The Issues Paper highlights fairness and coherence as key principles. In this respect it is important to note:

- The gendered nature of ageing should be acknowledged and the accumulation of disadvantage by women (care penalty and pay gap) should also be acknowledged.
- The opportunity to be employed should not be conflated with the requirement to be employed.
- The accumulated physical costs of hard work especially among manual workers should be recognised and the unreasonableness of prolonging such work should be acknowledged.

The Brotherhood's view is that workforce participation patterns are developed over a lifetime and efforts to increase the participation of older people need to include a focus on mature-age workers aged 45–65. As well, the social security system has failed to keep pace with an increasingly deregulated labour market and this has implications for the incentives for disadvantaged people to undertake paid work.

Finally, incentives provided within the tax system to build retirement savings are very much tilted in favour of those who already have assets and are not suited to many disadvantaged people with interrupted workforce engagement, particularly women. Over time, as rates of home ownership fall and patterns of labour market engagement change, the current incentives will become less fair and efficient. Importantly there is little encouragement for disadvantaged people to save for retirement. A number of policy recommendations are suggested to increase the incentives for older adults to remain in the paid workforce and build assets for retirement.

Researchers Kimberley and Simons from the Brotherhood of St Laurence¹ remind us that it is important to note that the term 'older people' is a slippery concept and that:

Even setting aside individual characteristics, there tend to be considerable differences between the interests and needs of cohorts aged 50–65 and those aged 65–80 or 80–100 ... There is a pressing need for distinctions in government policy relevant to life stages: policy needs to be variously preventative, proactive and remedial according to the potential and vulnerability of older people as they prepare for and live through the multiple life transitions that take place during this fifty-year time span.

Older Australians are at more risk of being socially excluded in Australia than any other age group, with nearly half of all those aged over 65 experiencing social exclusion. These statistics come from the Social Exclusion Monitor developed by the Brotherhood of St Laurence and the Melbourne Institute of Applied Economic and Social Research. The Monitor assesses the incidence of poverty and disadvantage by considering not only income but a broad range of other factors, such as wealth, health or disability and unemployment using data from the annual Household Income and Labour Dynamics in Australia (HILDA) survey data².

Women aged over 65, particularly single older women, are at risk of having fewer assets and lower income. Kimberley and Simons note that this is the result of a pattern that starts much earlier in life:

¹ Kimberley, H and Simons, B 2009, *The Brotherhood's Social Barometer: living the second fifty years*, Brotherhood of St Laurence, Fitzroy, Vic.

² Brotherhood of St Laurence and Melbourne Institute 2012, *Social exclusion monitor*, viewed 6 July 2012, <<http://www.bsl.org.au/Social-exclusion-monitor>>

- The disparity between genders starts around age 25 and widens over time. Women on average have 17 working years to build wealth, compared with 29 years for men.
- Half of women aged 45–59 have \$8,000 or less in their superannuation funds, compared to the median level of saving of \$31,000 for men³
- In 2007, 41% women aged 55 years and over were covered by superannuation, compared with 60% men.⁴

Similarly, research commissioned by the Brotherhood from NATSEM found that:

the single female Age Pensioner is the most disadvantaged, with three-quarters in the bottom half of the income range. Women in the pre-retirement age group (55–64) also had much smaller superannuation savings – 62% have less than \$20,000 in superannuation, with only a few years left to save before retirement.⁵

Clearly, older people themselves, and particularly older women, have much to gain by continuing to engage in paid work through middle and older age, wherever this is practicable.

3 Maintaining workforce participation in a changing labour market

Patterns of labour market participation are developed over a lifetime and incentives to increase workforce participation of older Australians need to focus on the years well before pension age. It is very difficult to re-engage at 65, for example, for a person who may have been out of the workforce for the last twenty years. To increase the numbers of older persons people (i.e. those aged 65 plus) in the paid workforce there need to be policy settings that increase workforce participation at all previous ages, but particularly for those in the 45-64 age cohort.

The Social Exclusion Monitor developed by the Brotherhood and the Melbourne Institute has found that those aged 50–65 are the second most socially excluded group, after those aged over 65, with about 23% experiencing social exclusion⁶. This group is overrepresented in the group of very long term unemployed. While those aged 50–64 are only around 9% of the population⁷ they make up 24% of those described as very long term unemployed⁸. The Brotherhood's research⁹ and

³ Australian Human Rights Commission 2009, *The gender gap in retirement savings*, <www.hreoc.gov.au> cited in Kimberley and Simons *The Brotherhood's Social Barometer*, Brotherhood of St Laurence, Fitzroy, Vic.

⁴ ABS 2009 Employment arrangements, retirement and superannuation, Australia, April to July 2007. cited in Kimberley and Simons *The Brotherhood's Social Barometer*

⁵ Kelly, S 2009, *Reform of the Australian retirement income system*, prepared for the Brotherhood of St Laurence, NATSEM, Canberra.

⁶ Brotherhood of St Laurence and Melbourne Institute 2012, *Social exclusion monitor*, viewed 6 July 2012, <<http://www.bsl.org.au/Social-exclusion-monitor>>

⁷ AIHW 2007, *Older Australia at a glance*, 4th edn, Cat. No. 52, AIHW, Canberra.

⁸ DEEWR 2011, *Very long term unemployed*, Building Australia's future workforce – Budget 2011, fact sheet, viewed 6 July 2012,

<http://www.deewr.gov.au/Department/Budget/Documents/20112012/Very_Long_Term_Unemployed.pdf>

⁹ Bowman, D and Kimberley, H 2011, *Sidelined! Workforce participation and non-participation among baby boomers in Australia*, Brotherhood of St Laurence, Fitzroy, Vic.

research commissioned by the Brotherhood¹⁰ suggest that official reports are likely to underestimate the levels of unemployment and particularly underemployment in this group.

Bowman and Kimberley's qualitative research with a small group of 'baby boomers' aged 45–64 found that many in this group felt that over their lifetime the nature of the labour market had changed; a common pattern was that they had gone from stable to precarious employment. Other research supports this finding, for example the ACTU suggests that 40% of Australian workers are engaged in insecure work arrangements such as casual work, fixed-term work, contracting or labour hire. The proportion of Australian employees engaged in casual work has grown significantly over the past decades from 15.8% in 1984 to around 25% today¹¹

While for some people, the decision to engage in contract or casual work may be a choice, such choices are often made within constraints, and this is especially the case for people with few resources. Insecure work is associated with a number of disadvantages, all of which interact with the social security system: pay can be unpredictable and fluctuating; there are fewer or no entitlements to paid leave such as sick leave, carer's leave etc.; working hours can be irregular or unpredictable; there is a lack of certainty about how long the job will continue; and there are fewer opportunities for training or development. Also many of these jobs may not include eligibility for the employer contributions to superannuation.

Brotherhood research¹² has found that there is a mismatch between the increasingly deregulated, flexible and casualised labour market and the income support system, which is still largely based on a model of total unemployment or full-time work, although some recent changes have improved flexibility. Many people work while in receipt of income support and many move on and off income support. While a short-term or casual job is not ideal, it is often better than no job. The transfer system needs to be able to support people to participate in the labour market, even if they are only able to participate to a small degree. Arguably, this is particularly important for older people who may have a preference for part-time work.

The decisions people make depend on what their options might be within the labour market. The security of the job is a very important factor in decision making and many people will not undertake employment if there is a risk or a perceived risk that a pension or allowance might be lost in exchange for the uncertainty of a casual or otherwise insecure job. For example under Centrelink rules, if a person who was previously unemployed (ie on Newstart) takes a job and then leaves it voluntarily, benefits can be withheld for a period of eight weeks. They also lose access to the Health Care Concession Card and, if they live in public housing, their rents will have increased while they were working. There can then be waiting periods to requalify for benefits and asset test requirements so that any assets that have been saved through work are lost (this is described further in section 3).

¹⁰ Gong, H and McNamara, J 2011, *Workforce participation and non-participation among baby boomers in Australia: a profile from HILDA data*, commissioned by the Brotherhood of St Laurence, NATSEM, Canberra.

¹¹ ACTU 2011, *The future of work in Australia: dealing with insecurity and risk: an ACTU options paper on measures to promote job and income security*, ACTU, Melbourne.

¹² Bodsworth, E 2010, *Making work pay and making income support work*, Brotherhood of St Laurence, Fitzroy, Vic.

More flexible social security to increase incentives to work

Put simply, the cost of taking an insecure job and then losing or leaving it can be high enough to discourage taking the job in the first place. In light of a labour market that is increasingly insecure for many disadvantaged jobseekers, the Brotherhood has recommended elsewhere that:

- Rules around having to serve waiting periods to get access to Newstart after leaving a job should be reviewed.
- Job seekers who find work should be able to retain their Health Care Concession Card for a period of time after obtaining employment. Those people who have been out of the work force for some time should retain the Health Care Card for at least 6 months.
- Rules around the liquid assets waiting period should be reviewed, particularly for older workers attempting to build savings for retirement.

There are also no measures aimed specifically at mature-age (45+) people who are on Newstart to assist them to work part-time and this is something that should be addressed if government wants to increase the workforce participation of this group. In particular, the long-term unemployed may benefit from the opportunity to undertake part-time work without losing benefits. This could be done either through changing taper rates or increasing access to Working Credits or some combination of the two.

That said, the ALRC should be aware that a number of measures that the Commonwealth Government has introduced to the tax and transfer system will provide positive incentives to work for older workers, i.e., those aged 45+.

Firstly, as part of the Household Assistance package which accompanied the introduction of a price on carbon, the government has tripled the tax-free threshold from \$6,000 to \$18,200 and then in 2015–16 to \$19,400. The government estimates that this will free up to one million low income earners from needing to lodge a tax return—this is a significant benefit as many low income people do not complete tax returns and thereby miss out on any return of tax payments to which they may be entitled.¹³ This measure will increase the take-home earnings of increasing numbers of Australians who are engaged in casual or part-time work, many of them women, and thus provides an incentive to work.

The Commonwealth Government has also increased measures that will allow some groups on Centrelink payments to undertake paid work without losing their income support. Many of these measures will assist mature-age job seekers (e.g. those aged 45–65). Specifically, people on the Disability Support Pension are now allowed to undertake up to 30 hours of paid work a week and still retain a part pension. The 2011 Budget also includes a more generous income test for single parents on Newstart Allowance with school-aged children that is intended to better support part-time work. These measures recognise that people can undertake some paid work and may still need to stay on some form of income support.

Similarly, the Work Bonus scheme allows people of pension age to earn up to \$250 a fortnight through paid work (up to \$6500 annually) without losing any pension. There is also the capacity to ‘bank’ unused fortnightly amounts, up to the annual cap. (However, the fortnightly cap on earnings

¹³ Brody, G and McNess, E 2009, *Assets for all? A review of the Australian Government's \$77 billion support for asset building.*, Brotherhood of St Laurence, Fitzroy, Vic.

and the annual cap are the same regardless of any other assets people have and whether or not they own their own home. The Brotherhood's view is that the Work Bonus fortnightly and annual income caps should be more generous for people who have few assets and, importantly, for those who are not home owners. The need to treat non-home owners differently is discussed in more detail below.)

However, much more can be done to ensure a better fit between the income support system and the aspirations of many income support recipients to work. For example, there is little flexibility in the system around how participation requirements are calculated. The requirement for single parents with children over 6 to undertake 30 hours per fortnight of paid work should be calculated quarterly, rather than the current fortnightly arrangement, allowing these parents to work more during some periods and less in others (e.g. school holidays) without failing their participation requirements. This is also important given the deregulated nature of the workforce where hours of work may fluctuate from week to week. Currently, the system does not allow hours to be 'banked' a measure which would increase flexibility for this group of job seekers.

People on Carer Payment are another group at risk from inflexibility within the social security system. Most carers are aged over 45 and a disproportionate number are women who are at high risk of losing attachment to the workforce through caring responsibilities and consequently at higher risk of poverty and social exclusion as they age. It is the Brotherhood's view that the current 25 hour per week rule relating to volunteering, study and training limits the options of carers. It is inflexible and may have the effect of unnecessarily reducing the opportunities for carers to remain attached to the paid workforce. There are several reasons why government should consider more flexibility around combining work and the Carer Payment:

- The capacity to work can change for carers. Some weeks they may be able to get respite care or help from relatives or their charge might be in relatively good health.
- The availability of work can change.
- More flexibility has been introduced into the system for people on Disability Support Pensions. Arguably carers should be entitled to the same flexibility.

Some beneficial changes might include:

- lifting the 25 hour rule to up to 30 hours to bring it into line with the DSP.
- calculating the hours of work, study or training on a quarterly rather than a fortnightly basis to allow for variations in work patterns.
- allowing some hours not worked to be banked as with the Work Bonus.
- that said, it is important that carers are not obliged to engage in paid employment or related activities as this may increase pressure on them, and that more adequate support for transition after long periods of care is provided.

Eligibility for employment assistance

Mature-age job seekers, who are at most risk of long-term unemployment, are inappropriately restricted from accessing government-funded employment assistance. By the time mature-age job seekers become eligible for government-funded employment assistance they may have become significantly less employable.

For example, in order to qualify for government-funded employment assistance, a person first needs to qualify for a form of eligible income support, such as Newstart. This may involve running down existing savings, which for some jobseekers may take some time as the level of liquid assets to meet eligibility for Newstart is still low. While assets are being run down these job seekers do not qualify for government-funded employment assistance, and must rely entirely on their own resources to re-engage with the paid workforce, a task made more difficult by the fact that, as noted in the ALRC Issues Paper, 'Recruitment agents are often reluctant to accept older workers as clients or recommend them to employers' and that age discrimination in recruitment has been described as 'rampant' and 'systemic'. Moreover, as the Henry Review of tax and transfers notes:

One finding from labour market research is that skills and the likelihood of gaining employment decline if people are out of the workforce for long periods. The high proportion of people aged 55–64 years who are outside the workforce, some of whom may be involuntarily retired suggests that there may be large potential benefits from establishing an appropriate balance between individuals, employers and government in adult education and training.¹⁴

As the ALRC paper notes¹⁵ there is a pilot scheme, the Experience+ scheme, which is designed to help mature-age job seekers who are not eligible for the government's employment services. The Brotherhood recommends that, particularly given the seemingly large scale failure of recruitment agencies to assist mature-age job seekers to find work, there is a need to consider further government involvement in this area. This could involve:

- extending schemes such as Experience+ and /or
- changing the eligibility requirements for government employment assistance for mature-age job seekers.

As Bowman and Kimberley and Gong and McNamara observe, another consequence of very tight eligibility criteria for Newstart is that the actual levels of unemployment and underemployment among this age group are likely to be underestimated.

Improving employment assistance to meet the needs of disadvantaged mature-age workers

There is substantive evidence that the employment assistance system, Job Services Australia (JSA), does not meet the needs of the most disadvantaged job seekers. Employment outcomes result for only 15% of JSA Stream 4 clients (the most disadvantaged) with among whom only one-third of obtain permanent jobs.¹⁶

¹⁴ Henry Tax Review 2008, *Australia's future tax system: retirement income consultation paper*, viewed 8 July 2012, <http://www.taxreview.treasury.gov.au/content/ConsultationPaper.aspx?doc=html/publications/Papers/Consultation_Paper/review_panel.htm>

¹⁵ Australian Law Reform Commission 2012, *Grey areas – age barriers to work in Commonwealth Laws*, Issues Paper 41, ALRC, Sydney.

¹⁶ Department of Education, Employment and Workplace Relations (DEEWR) 2010, *Labour market assistance outcomes, September 2010*, cited in Brotherhood of St Laurence 2011, *Line of sight: better tailored services for highly disadvantaged job seekers: submission to the Australian Government on future employment services from 2012*, Brotherhood of St Laurence, Fitzroy, Vic.

While not all mature-age job seekers are disadvantaged, mature-age jobseekers are over represented in this group. One-third of Newstart recipients are aged 45+, over 60% are long-term recipients (12 months or longer) and people aged 50–64 are overrepresented in the very long term unemployed group.¹⁷

Arguably, mature-age jobseekers face a particular set of disadvantages. They are more likely than other groups to be displaced by economic changes, for example the shrinking manufacturing sector. A substantial proportion of disadvantaged jobseekers have not achieved Year 10–12 education. Formal qualifications and credentials were less important when these workers entered the labour market, but have become critical to being competitive in the current environment. This requires training that is tailored to their needs.

The deficiencies of employment assistance thus affect mature-age job seekers disproportionately compared with other groups. In summary, the Brotherhood has argued in a number of submissions and publications that:

- Compared with other countries, Australia underinvests in active labour market programs, particularly for highly disadvantaged job seekers. The top five OECD countries spend over 1.15% of GDP on these programs, compared with just 0.32% by Australia.¹⁸
- The JSA system is a tightly controlled contractual regime. This limits the extent to which assistance can be personalised to meet the needs of individual job seekers. It also limits the extent to which it can respond to the needs of employers.
- There is a mismatch between training offered to disadvantaged job seekers and the needs of employers, with an overemphasis on ‘off-the-shelf’ rather than tailored training. Mature job seekers, in particular, are ill served by training offers, with DEEWR data for over 50s in the JSA showing that only 12% achieve a training or education outcome (at 13 weeks) which is lower than for other age cohorts (37% of 15–20 year olds and 27% of 21–24 year olds).¹⁹
- Training frequently fails to lead to sustainable job outcomes.

Recommendations

The Brotherhood has recommended changes to the JSA system and to the training system to better meet the needs of disadvantaged mature workers. These include:

- There should be a focus on training and skills development that meets the needs of low-skilled mature-age workers **and** the needs of employers.
- A number of measures were introduced during the global financial crisis to assist workers dislocated by economic change. These include Queensland’s Rapid Response Teams, NSW Retrenched Workers training program and Victorian Workers in Transition program. The Brotherhood recommends that these programs could be developed and targeted to assist

¹⁷ ACOSS 2012, *\$35 a day: not enough to live on*, Factsheet – Newstart Allowance, March 2012, ACOSS, Sydney.

¹⁸ Brotherhood of St Laurence 2011, *Line of sight: better tailored services for highly disadvantaged job seekers: submission to the Australian Government on future employment services from 2012*, Brotherhood of St Laurence, Fitzroy, Vic.

¹⁹ DEEWR 2011, *Labour market assistance outcomes, September 2011*

low-skilled older workers who continue to be at high risk of unemployment through structural change within the economy.

- Campaigns combating discrimination against older workers need to be supplemented by targeting training for recruitment agents, HR managers and employers to educate them on the economic and other benefits of a diverse workforce.
- The JSCI (Job Seeker Classification Instrument) loading for those over 50 should increase, particularly for job seekers classified as disadvantaged.
- In the Brotherhood's view, the different activity tests for mature-age jobseekers are reasonable in light of the longer periods they spend out of the workforce. However, mature-age jobseekers should be able to 'opt in' and have a Employment Pathway Plan with a mix of voluntary and work experience activities designed to lead to employment, developed for them by their JSA, should they choose.

4 Saving for retirement

Retirement income policy: failing the disadvantaged?

Building savings for retirement can reduce reliance on government support post retirement and can also be a powerful incentive for older people to continue to work. In Australia, the two primary, concessionally taxed, vehicles for saving private assets for retirement are owner-occupied housing and superannuation, neither of which works particularly well for large and growing groups of disadvantaged Australians. The likely impact is that the current policy settings:

- reduce incentives for people to continue to work
- fail to enable a vulnerable group of Australians to build retirement savings that could be enormously beneficial to them in older age.

Indeed, it has been noted by the Brotherhood elsewhere that while there are significant concessions within the tax system for both superannuation and housing there are few vehicles that assist low income people build assets and in fact there are active barriers²⁰As mentioned previously, applicants for Newstart must meet the Liquid Assets Waiting Period which requires that 'liquid' assets, for example savings in a bank account, must not exceed \$5,000 for a single person and \$10,000 for people who are partnered or have dependent children. Although in the 2012 Budget the government doubled the thresholds, which is a very welcome development, the LAWP can still undermine the capacity of mature-age workers to build savings. Many of these workers might have limited superannuation savings and a bank account might be the only form of savings they have. The LAWP is also a disincentive to work, particularly for job seekers who are only marginally attached to the workforce and may choose not to work in casual or part-time work if their savings will be eroded should they lose their job and need to requalify for Newstart.

Superannuation is a form of compulsory saving that assists many working people to build assets for their retirement. However, many commentators have noted that superannuation does not work well for many groups of workers and particularly for women. As the Australian Human rights

²⁰ Brody, G and McNess, E 2009, *Assets for all? A review of the Australian Government's \$77 billion support for asset building*, Brotherhood of St Laurence, Fitzroy, Vic.

Commission²¹ notes, the entitlement to the wealth presented by superannuation funds is unevenly distributed between the sexes, largely because super schemes are linked to earnings from employment. Disadvantages faced by women include the following:

- Women are less likely than men to be in the workforce at all;
- Once in the workforce women earn less than men, on average.
- Women are more likely than men to have taken substantial breaks in employment for child rearing and so have interrupted their superannuation contributions
- Women are more likely than men to be in types of employment such as casual or part-time work that are not covered by any employer superannuation scheme.
- Relatively high rates of divorce also mean that women can lose any access to their husband's superannuation.

Women consequently have much lower levels of superannuation savings than men. Given the changing labour market, with greater numbers of people in less secure forms of employment, it is likely that superannuation will not be a suitable savings vehicle for growing numbers of people despite recent moves by the government to make the system fairer (e.g. the \$500 super offset for low income earners and changes to concessional contributions).

In a critique of superannuation, Hanegbi notes that:

There is evidence that superannuation increases private savings. After all it is logical that mandating savings will increase net savings for many individuals. Having said that, to some extent this is abated by the fact that superannuation 'crowds out' other savings and investment vehicles.²²

Traditionally, the other pillar of retirement savings is owner-occupied housing. Unlike other assets, owner-occupied housing is not subject to the means test for the Age Pension. The value of owner-occupied housing is significant: imputed rents which could be worth up to several hundred dollars a week are not included within the assets or income tests for the Age Pension. Thus, home owners, even those on the full pension, usually have an adequate standard of living in retirement.

While home ownership rates are still high among older Australians, the rates are lower for the next generation of retirees, and the number of older people still paying mortgages is growing. The percentage of people aged over 60 still paying mortgages doubled in the ten years to 2005–06 (from 4.2% to 9.5%)²³ The most marked decrease in home ownership is for the next group of retirees, people aged 45 to 59 years, whose home ownership rate declined from 54.4% in 1995–96 to 35.8% in 2005–06.²⁴ The reasons for the declining rates of home ownership are not clear but

²¹ Australian Human rights Commission 2009, *Accumulating poverty? Women's experiences of inequality over the lifecycle: An issues paper examining the gender gap in retirement savings*. AHRC, Sydney

²² Hanegbi, R 2010, *Australia's superannuation system: a critical analysis*, Australian Tax Forum.

²³ ABS 2009, *Household income and income distribution, Australia, 2007–08*, Table 12, cat no 6523.0, ABS, Canberra, cited in McFerran, L 2010, *It could be you: female, single, older and homeless*, Homelessness NSW, The Older Women's Network NSW and St Vincent de Paul Society.

²⁴ Tanton, R, Nepal, B and Harding, A 2008, *Wherever I lay my debt, that's my home: trends in housing affordability and housing stress, 1995–96 to 2005–06*, AMP/NATSEM Income and Wealth Report, AMP and National Centre for Social and Economic Modelling, cited in McFerran, L 2010, *It could be you: female, single, older and homeless*, Homelessness NSW, The Older Women's Network NSW and St Vincent de Paul Society.

may include increasing house prices, increased work insecurity for this cohort of people and higher rates of divorce. Again, increased casualisation and insecurity within the workforce are likely to put home ownership out of reach for a growing number of Australians, and the role of owner-occupied housing in providing a secure retirement might need to be reconsidered.

Currently 15% of people aged 65 years and over are living in rental accommodation. For those in public housing, the rent is contained at 25% of the Age Pension.²⁵ However, the public housing shortage has left increasing numbers subject to escalating private rents. For these people, Commonwealth Rent Assistance (CRA) falls far short of compensating for market rates; and paying for housing leaves many with insufficient funds to cover other basic living costs. This group is at most risk of living in dire poverty in old age.²⁶ CRA is indexed to CPI, which for many years has lagged significantly behind the annual growth rate for private rents. Changing patterns of home ownership, coupled with the very negative consequences for older people who are reliant on private rental accommodation, does raise the issue of whether there is a need to reconsider policies in this area and particularly examine the assumption that the vast majority of coming generations of older people will be home-owners.

By excluding owner-occupied housing from the assets test for the Age Pension, the government in fact provides a large, hidden subsidy to home owners. This was noted by the Henry Review, where it was also noted that there was unlikely to be any political will to include owner-occupied housing within the means test for the Age Pension²⁷. However, there are other measures that could be taken to address this inequity.

Reform proposals – Housing and asset income tests

The existing assets test for the Age Pension does allow non-home owners to own more assets than home owners without losing access to the pension. However the income eligibility rules are the same for both groups—that is, the pensions of home owners and non-home owners are affected to the same extent by the same amounts of income. This means that any benefit to non-home owners allowed through the assets test is nullified if the additional assets generate additional income (including deemed income).

This does not recognise the relative disadvantages faced by non-home owners who still need to pay rent while home owners do not. The income test as well as the assets test needs to be more generous for non-home owners in order to allow them to earn income in order to meet the additional cost of private rents, without losing their pension.

This could be achieved by increasing the income limit for pensioners who are not home-owners by an amount equivalent to a basic level of rental costs. This would put renting pensioners on an equivalent ‘after housing costs’ income test to home-owner pensioners. Income caps for paid work under the Work Bonus should also be higher for non-home owners in the private rental market.

²⁵ Kimberley, H and Simons, B 2009, *The Brotherhood’s Social Barometer: living the second fifty years*, Brotherhood of St Laurence, Melbourne.

²⁶ Kimberley, H and Simons, B 2009, *The Brotherhood’s Social Barometer: living the second fifty years*, Brotherhood of St Laurence, Melbourne.

²⁷ Henry Review 2009, *Australia’s future tax system: the retirement income system: report on strategic issues*, viewed 8 July 2012, <http://www.taxreview.treasury.gov.au/content/StrategicPaper.aspx?doc=html/Publications/Papers/Retirement_Income_Strategic_Issues_Paper/index.htm>

An additional reform that should be explored is that low-income, disadvantaged people who have not been able to purchase housing or access public housing should be able to use superannuation and other savings to build a 'housing annuity' that would provide income to assist in meeting the costs of rental housing. For example, a retired renting couple are currently allowed \$139,500 in assets more than an equivalent home-owner couple in order to be eligible for the same pension. As already explained, this \$139,500 will either earn income or be deemed to earn income at a rate of 4.5% and will add \$6,000 or more per years to that couple's assessed income (or almost all of the income eligibility cut off for the full pension, a cut-off which is no higher for renters than home-owners). The effect is that the greater leniency under the differential assets test is effectively undone by not having a differential income test.

This is not just unfair; it is also inefficient. Non-home owners have a much lower incentive to save, and therefore to work, than home owners because the returns on their savings are largely 'lost' through the income test. By contrast, home owners can save in the form of their housing asset the return on which, in the form of rent avoided, are not included in the income test.

This inequity could be alleviated if non-home owners were able to purchase a 'housing annuity' from the government that provided a regular payment which could be used to pay their rental costs. The value of this annuity would not be included in the assets test and neither would the income stream, exactly as is currently the case for the value of home owners' housing and the imputed rent received from that asset. The annuity could pay a fair commercial rate of return, perhaps equal to the current deeming rate of 4.5% (or less if the payment was indexed to CPI). An annuity on a \$200,000 investment paying real interest of 2.5% and with capital returned to the investor over 30 years²⁸ would give the investor an income of around \$9,500 per year or \$180 per week. For retired renters on the full pension this could be the difference between living in modest comfort and living in abject poverty.

The government could restrict eligibility to purchase such an annuity to those who are not home owners and/or those with less than a given level of assets. Of course, if offered on a commercial basis, there would be no cost to the government from offering this product other than the cost of excluding the value/income from these annuities from the assets/income tests.

Such a product offered by the government would have other advantages. It would be simple to understand and the government would be a counterparty that retirees could trust (as opposed to retirees having to navigate a private market for such products where they might be, or might suspect they would be, taken advantage of by 'sharp practices').

A housing annuity scheme would combat the incentive for those on a part pension, even those who are prudent and far-sighted, to draw down their savings quickly in order to qualify for a higher rate of pension. The current system positively encourages renting pensioners to consume their savings in the early years of retirement and, consequently, live in poverty in later years. By contrast, instead of consuming their savings, renting pensioners could achieve a higher pension rate early in exchange for 'locking away' a part of their savings to fund their more distant retirement. It should

²⁸ There are several models that could be used to deal with scenarios in which those who purchased such an annuity die earlier or later than the assumed rate at which the principle is being provided to them. One option is to simply offer the annuity until the investor(s) die. This model has an insurance element and is likely to be valued by many potential investors. Alternatively, the annuity could be for a defined period and some or all of any outstanding principle could be returned to the estate of those who die earlier (and some or all of the payments could cease at the end of the defined period).

be noted that while this is true even for far-sighted retirees, it may also combat people's general tendency to give too little weight to their long-term welfare relative to their short-term welfare.²⁹

Under the existing system, where their superannuation balance is not sufficient to provide a long-term income in retirement, many people choose to run down super savings and then go on the Age Pension. Improving the flexibility of the income test for the Age Pension so that non-home owners had more incentive to convert their superannuation into an income stream that could supplement the pension would reduce the incentive to run down super savings.

The Brotherhood's view is that the current means test for access to the Age Pension disadvantages non-home owners relative to home owners and that it is the already most disadvantaged older people who are further disadvantaged by this. In summary, the Brotherhood recommends that the following measures be considered to make the system fairer:

- Income tests for access to the full Age Pension should be more generous for non-home owners who are not in public housing in recognition of additional financial burdens they face in the private rental market.
- The government should investigate the possibilities of allowing retirees to combine savings, to allow non-home owners already retired or nearing retirement age to build a 'housing annuity'. The housing annuity could pay a small supplement to the Age Pension without affecting pension rates in order to assist this group of pensioners to meet the cost of private rents.
- The Work Bonus scheme should have more generous fortnightly and annual income caps for people who have low levels of other assets, particularly those who are not home-owners.

²⁹ This is, in part, where the housing annuity proposal differs from a simple increase in the assets and income test for renting retirees. Under the housing annuity proposal, retirees make a commitment to provide for their future welfare in exchange for having those assets/income outside the eligibility criteria.

5 Brotherhood responses to ALRC questions

Age Pension

Q3 In what ways, if any, should the means test for the Age Pension be changed to remove barriers to mature-age participation in the workforce or other productive work?

Income tests for access to the full Age Pension should be more generous for non-home owners who are not in public housing in recognition of the additional financial burdens they face in the private rental market. This reform would make the income test consistent with the asset test which is already less strict for non-home owners. Currently, the failure to differentiate the income test has the effect of nullifying the assets test. Moreover, the amount by which the income test should be more lenient for non-home owners should be set by reference to the cost of private rental for an adequate standard level of accommodation.

The government should investigate the possibilities of allowing retirees to combine savings, to allow non-home owners nearing retirement age to build a 'housing annuity'. The housing annuity could provide a small supplement to the Age Pension without affecting pension rates in order to assist this group of pensioners to meet the costs of private rents. Purchasing a housing annuity would be an irrevocable decision by the renter to fund their long-term retirement needs and to smooth consumption from the beginning to the later years of retirement.

Q4 In what ways, if any, should the Pension Bonus Scheme be changed to remove barriers to mature-age participation in the workforce?

In 2009 the Pension Bonus Scheme provided a maximum payment of nearly \$35,000 (9.4% of the Age Pension) to those who defer claiming the Age Pension for five years or more and who meet a minimum work test of 960 hours per annum. It provided a much more generous incentive to older workers to continue to participate in the workforce than does the current \$500 per year offered by the Work Bonus.

The government closed the Pension Bonus Scheme (PBS) to new entrants in 2009 because it was too complex and was not meeting its objectives of encouraging workforce participation. However, according to the Super Guide website, 'this innovative and fairly generous scheme simply suffered from a lack of marketing'³⁰.

Indeed, unless a person was already a Centrelink client or engaged the services of a financial planner they were unlikely to know of its existence. The Brotherhood recommends that either the Pension Bonus Scheme be reinstated and widely advertised or the Work Bonus be raised to equivalent value.

³⁰ Power, T 2009, *Generous Pension Bonus Scheme to close*, Super Guide website, viewed 8 July 2012, <http://www.superguide.com.au/retirement-planning/generous-pension-bonus-scheme-to-close-2009>>

Q5 How effective has the Work Bonus been in removing barriers to work for mature-age persons? In what ways, if any, could it be improved?

The Work Bonus is likely to provide incentives for older persons who are able to work to continue to do so. However one important incentive workers in this age group have to continue to work is to build private savings for a time when they are no longer able to work. This is particularly important for older people who have few assets and/or are not home owners. The Brotherhood recommends that the Work Bonus scheme should have more generous fortnightly and annual income caps for people who have few other assets, particularly those who are not home owners.

Superannuation

Q11 The Superannuation Industry (Supervision) Regulations 1994 (Cth) prescribe age-based restrictions on voluntary contributions. Members cannot:

- Make voluntary contributions from age 65 until age 75 unless they meet a work test
- Make voluntary contributions from age 75.

What effect do these restrictions have on mature-age participation in the workforce? What changes, if any, should be made to these regulations to remove barriers to work for mature-age persons?

These rules may undermine incentives for older workers to continue to participate in paid work. The Brotherhood's view is that an individual's ability to make voluntary contributions should primarily depend on the balance in their superannuation accounts, rather than their age.

The only reason for people to make voluntary contributions is to access concessional tax treatment of those contributions (either at the time they are made if they are from pre-tax income or on the subsequent earnings of the contribution within the super fund). Denying the opportunity to make voluntary contributions is to deny access to tax concessions on savings.

Some older workers who are at or beyond preservation age may use voluntary contributions to superannuation to lower their effective marginal tax rate. For example, voluntary contributions to super made from pre-tax income are taxed at 15% and withdrawals from superannuation are tax-free. Recent Budgets have placed 'caps' on the contributions attracting concessional tax rates—\$25,000 for those aged under 50 and \$50,000 for those aged 50 and over (however the government recently announced a 'freeze' until 2015–16 for the higher rate for people aged 50 and over.)

The recent imposition of a concessional cap limits the capacity to use superannuation to lower effective marginal tax rates.

In the Brotherhood's view the denial of tax concessions for savings should be based on accumulated wealth and not on age. That is, those who have not yet saved enough for a comfortable retirement should continue to have access to concessional savings no matter what their age. By contrast, those who have already saved enough for a comfortable retirement should have limited access to these concessions. To some extent government

policy already recognises this by limiting the concessional contributions to those with a super balance of less than \$500,000.

The Brotherhood also believes that the threshold for such an asset test should rise with age. That is, somebody with only \$200,000 wealth at age 65 should be entitled to more generous concessional treatment of their savings than somebody with \$200,000 at age 30, in recognition of the greater potential for a 30-year-old to continue saving for retirement.

As a practical matter it may not be possible to apply a total assets test to voluntary contributions (at least not for those already subject to an assets test in retirement). However, it would be possible to use the balance of the individual's superannuation savings as a proxy for such an assets test. For example, it may be determined that those with superannuation balance below \$300,000 can make voluntary contributions whatever their age but that this cap rises as people age up to, say, \$500,000 at age 60.

- Q13** In what ways, if any, does the age restriction on government co-contributions in the Superannuation (Government Co-contribution for Low Income Earners) Act 2003 (Cth) create barriers to work for mature-age persons? What changes should be made to the Act to remove such barriers?

Persons aged 71 years and over are not eligible for the government's co-contribution scheme for low income earners and this may influence incentives to continue working. There is no reasonable basis for this subsidy on saving to be denied because of age. The co-contribution scheme should continue at least to the age of 75 (the age when people are currently no longer allowed to contribute to superannuation).

- Q14** What effect, if any, does the increased concessional contributions cap for persons aged 50 years and over have on mature-age participation in the workforce?

Some workers who are at or beyond preservation age may use voluntary contributions to superannuation to lower their effective marginal tax rate. For example, voluntary contributions to super are made from pre-tax income. On contribution they are taxed at 15%, while earnings and withdrawals from superannuation are free. Recent Budgets have placed 'caps' on the concessional amounts, of \$25,000 for those aged under 50 and \$50,000 for those aged 50 and over with a balance of less than \$500,000 in superannuation (however the government recently announced a 'freeze' until 2015–16 for the higher rate for people aged 50 and over). The Brotherhood supported this imposition of the caps on grounds of equity.

Because the current system allows some capacity to minimise tax rates for those who have a super balance not in excess of \$500,000, it is likely to provide incentives to continue to work through allowing older workers to have a lower tax rate on a proportion of their income and to save a relatively higher proportion of their income in superannuation prior to retirement.

The ability for people over 60 to make unlimited withdrawals from superannuation at a zero tax rate is neither equitable nor efficient and is not supported by the Brotherhood. However there seems little political will to address this issue, as there are concerns about reducing the predictability of retirement policy.

- Q21 A number of social security payments and entitlements may affect mature-age persons' participation in the workforce or other productive work. In practice, how accessible to mature-age persons is information about eligibility for such social security payments and entitlements? Information on different income tests for the Age Pension and Work Bonus is confusing and should be clarified.

Social security

- Q22 Several tools and processes are in place to determine a person's capacity to work and to recommend the content of a person's activity test or participation requirements. In what ways, if any, should these tools and processes be changed to assist mature-age participation in the workforce?

The JSCI (Job Seeker Classification Instrument) loading for those aged over 50 should increase, particularly for job seekers classified as disadvantaged.

- Q23 Different activity test and Employment Pathway plan requirements apply for mature-age job seekers. In what ways, if any, should these be changed to assist mature-age participation in the workforce?

In the Brotherhood's view the different activity tests for mature-age jobseekers are reasonable in light of the longer periods these people spend out of the workforce. However mature-age jobseekers should be able to 'opt in' and to have a Employment Pathway Plan with a mix of voluntary and work experience activities designed to lead to employment developed for them by their JSA, should they choose.

- Q26 What changes, if any, to Working Credit should be made to remove barriers to mature-age participation in the workforce or other productive work? In what ways, if any, could these rules be improved?

- Q27 Do the rules concerning the retention of concession cards act as a barrier to mature-age participation in the workforce or other productive work? In what ways, if any, could these rules be improved?

If the number of older people in the workforce is to increase, efforts need to be made to ensure that mature-age workers, i.e. those aged 45+, remain engaged with the workforce. Rather than increasing participation requirements for older job seekers, the Brotherhood recommends increasing the flexibility of the social security system to provide incentives to this group of workers to participate in part-time and casual work without losing access to benefits. This is important given the deregulation of the labour market and the need of some people will have to combine income from paid work with income support.

Some flexibility has been provided to Disability Support Pensioners and to sole parents on Newstart. This flexibility should be extended to mature people on Newstart and should include all or at least some of the following measures:

- Rules around having to serve waiting periods to get access to Newstart after leaving a job should be reviewed.

- Job seekers who find work should be able to retain access to their Health Care Concession Card for a period after obtaining employment. Those people who have been classified as long term unemployed should retain the Health Care Card for at least 6 months.
- Rules around the liquid assets waiting period should be reviewed, particularly for older workers attempting to build savings for retirement.
- For recipients of payments that require some workforce participation, e.g. sole parents on Newstart and some types of DSP, there should be flexibility around how hours of work are calculated. This should be done quarterly, with capacity to 'bank' hours.
- For older people on Newstart who undertake some paid work, the taper rates (i.e. the rate at which the Newstart Allowance is reduced) should at least be the same as those for sole parents on Newstart.
- Working Credits should be available to older people moving from Newstart to paid work.

Q24 Do the 2012 changes to the Disability Support Pension present a barrier to mature-age participation in the workforce or other productive work? In what ways, if any, should the Disability Support Pension be changed to remove barriers to participation in the workforce or other productive work for mature-age persons with disability?

Recent changes to the DSP are likely to improve incentives to work, as they allow recipients to work more without losing access to benefits. This flexibility should be extended to mature-age people on other forms of income support.

Q25 In practice, does the 25 hour work, volunteering, study and training limitation for Carer Payment present a barrier to mature-age participation in the workforce or other productive work? What changes, if any, should be made to remove barriers to mature-age participation in the workforce or other productive work?

It is important to state that people in receipt of Carer Payment are engaged in productive, albeit unpaid, work. They are another group at risk from inflexibility in the social security system. Most carers are aged over 45 and a disproportionate number are women who are at high risk of losing attachment to the workforce through caring responsibilities and consequently at higher risk of poverty and social exclusion as they age. The Brotherhood's view is that the current 25 hour limit relating to volunteering, study and training is likely to act as a disincentive to work for carers. It is inflexible and may have the effect of unnecessarily reducing the opportunities for carers to remain attached to the paid workforce. There are several reasons why government should consider more flexibility around combining work and the Carer Payment:

- The capacity to work can change for carers. Some weeks they may be able to get respite care or help from relatives or their charge might be in relatively good health.
- The availability of work can change, particularly in the current labour market.
- More flexibility has been introduced into the system for people on Disability Support Pensions. Arguably carers should be entitled to the same flexibility.

Some beneficial changes might include:

- lifting the 25 hour rule to up to 30 hours to bring it into line with the DSP.
- calculating the hours of work, study or training on a quarterly rather than a fortnightly basis to allow for variations in work patterns
- consider allowing some hours not worked to be banked, as with the Work Bonus
- extending the period that carers can remain on the Carer Payment after their relative enters care (or dies) to a maximum of 26 weeks. This is particularly important for carers who are older and/or have been on a Carer Payment for an extended period.

It is important that carers are *not obliged* to engage in paid employment or related activities as this may increase pressure on them, and that more adequate support to transitions after long periods of care is provided.

Family assistance

Q32 When grandparents and mature-age carers raise children:

- Does Child Care Benefit meet its objective to provide recipients with incentives to participate in the workforce; and
- Does the Child Care Rebate meet its objectives to provide recipients with incentives for community participation, insofar as this includes work or voluntary work?

Child Care Benefit and Rebate

Grandparents' exemption from the work study test should continue. The aim of legislation should not be to penalise older Australians not in the workforce but to ensure there are not barriers to their participation.

Jobs, Education and Training (JET) Child Care fee assistance

Currently the Age Pension is not included among the Centrelink payments for eligibility for Jobs, Education and Training (JET) Child Care fee assistance. This should be rectified as some its inclusion may combat those among the increasing numbers of older women needing to continue working or return to the workforce, who may otherwise be discouraged from working or from job searching, training or studying to prepare for their return.

Employment

Q34 In what ways, if any, can the practices of private recruitment agencies be regulated to remove barriers to mature-age employees entering or re-entering the workforce?

Recruitment agencies are an important source of assistance for older workers, yet as the ALRC notes, discrimination is rife within this sector. This discrimination is likely to reflect attitudes to older workers within the broader community. Government action should include:

- a broad marketing campaign to improve employer attitudes to older workers
- a targeted campaign focusing on recruitment agencies reminding them of their legal obligations and the discrimination legislation that applies to their business in relation to mature workers.

Campaigns combating discrimination against older workers need to be supplemented by targeted training for recruitment agents, HR managers and employers to educate them on the economic and other benefits of a diverse workforce.

- Q35 Should s65 of the *Fair Work Act 2009 (Cth)* be amended to include age as a basis upon which an employee may request flexible working arrangements? The Brotherhood does not support including age alone as a basis upon which an employee should be able to request flexible working arrangements on two grounds: Firstly, age in itself cannot be assumed to be the main factor in requiring flexibility and secondly a possible outcome could be increased discrimination against older workers.

Instead of highlighting the types of workers that require additional flexibility, all workers should have the right to request flexibility for a variety of reasons that could include undertaking additional study or training, caring responsibilities, community participation (e.g. volunteering) and ill health. These measures will improve workplace flexibility for all workers and older workers will also benefit.

It should be noted that employers have the right to refuse requests for flexible working arrangements.

- Q 40 In what ways, if any, can strategic plans developed under the Australian Work Health and Safety Strategy 2012–2022 take account of occupational health and safety issues of particular relevance to mature-age workers?
- Q 41 Where is it best to include information about occupational health and safety issues relevant to mature-age workers?
- Q 44 What are some examples of employment management best practice aimed at attracting or retaining mature-age employees?
- Q 45 What are the most effective ways of raising awareness and providing education and training to remove barriers to mature-age participation in the workforce and other productive work?

Organisational cultures that encourage inclusiveness of older workers are likely to benefit all workers. Specific strategies might include:

- promoting the development and training of older workers
- using positive language and images of older workers
- fostering interpersonal and intergenerational relationships through alumni activities, websites and social media tools
- providing information regarding occupational health and safety through multiple media to accommodate language, literacy, numeracy and digital abilities of the range of workers of all ages
- designing procedures for accommodation requests in order to proactively manage an age-diverse workforce. These may include lighting, ergonomic furniture, grip rails, and sensory and lift policy changes. (These changes would also assist workers with a disability or mobility issues who are not older.)

Migration

Q53 A skilled migration visa under the Migration Regulations 1994 (Cth) may only be obtained if the applicant is under 50 years of age. Should the age limit be increased?

Q54 In order to obtain a range of visas under the General Skilled Migration category, applicants must obtain a pass mark in a 'points test' where points are allocated according to age, with no points for those aged 45 and over. Should this be amended, and if so, how?

The age restrictions contained within Australia's framework of migration laws are lagging behind the eligibility criteria in many OECD countries where older workers are now seen as part of the solution to demographic challenges and affluent retirees are targeted as migrants.

Regarding older migrants simply as an economic burden ignores many of the economic advantages of older workers such as productivity, tax contribution, consumption, fewer dependants and children, higher levels of wealth and savings. Older migrants can also make contributions to their communities and families.³¹

Discrimination against older migrants creates risks of losing the global competition for older workers, losing potential knowledge and skills.

The existing age restrictions on migration should be reviewed with reference to international developments (e.g. in the OECD) and the overall contribution that older migrants could make to productivity.

³¹ Biggs S, Haapala, I and Fredvang, M (in press) 'Not in Australia: migration and age discrimination', *Australasian Journal of Ageing*.