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Better incentives needed for retirees to work again

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Mike Baird



There's no doubt in anyone's minds that the aged care sector is tough and challenging at the best of times. We have seen a Royal Commission (resulting in 148 recommendations), a pandemic (where residential aged care was among the hardest hit), a barrage of reforms (30 just in the last financial year), an unprecedented workforce crisis and real financial pressures.

Is it any surprise if many in the sector say when does it end?

This is totally understandable but another approach is to remind ourselves – it's not a problem, it's an opportunity.

As a sector we may be battered and bruised but I think it's time to lift our eyes and start looking to the future.

There is much to be positive about: aged care workers' wages are increasing, the Aged Care Taskforce is looking at ways to encourage more funding in to the system and the new independent pricing authority will be reviewing the cost of quality care.

All of these will help when hope has been hard to see on the horizon.

But as we now look to the future of aged care, we're going to have to be much more creative if we want to see solutions that make a real difference.

We already have the most amazing people doing the most incredible jobs. I'm literally moved on a regular basis when I see the dedication of my team members, such as the home care

worker who walked miles to see a client after a car breakdown or the residential team who set up a mock workplace for a retired office manager, now living with dementia.

They are special people, doing one of the most important and rewarding jobs around.

But if we are going to find and retain the number of people we need to maintain quality care, then we need to think outside the square.

We talk about an hourglass approach – tapping young workers by incentivising pathways into aged care and keeping workers longer who don't want to retire.

At the younger end of the hourglass, we've already trialled a program in NSW where high school students gain work experience at one of HammondCare's specialist dementia facilities. It allows HSC students in NSW to get practical hands-on exposure to the aged care sector as part of their vocational education and training (VET) course.

This is potentially leading to these students planning to become care workers and nurses in aged care.

We have hopes of seeing more schemes like this taking place all over

Australia, with young people developing skills they'll need for a great career in the aged care environment but also having their eyes open to the beauty and wonder of caring for our elders.

But the older end of the hourglass faces serious hurdles. Even though one in five retirees would consider re-entering the workforce — a valuable group of people with a lifetime of skills and experience — there are several barriers for them to negotiate.

Apart from ageism and sometimes a need to upskill, especially digitally, the biggest ones are the pension and

superannuation rules.

There can be significant confusion regarding how much money pensioners can earn before they lose pension entitlements but, broadly speaking, for every dollar earned over the income threshold (which itself varies) a pensioner loses 50c of their fortnightly pension.

With pension income also taxable, many question why they should bother working?

Working 'too much' over consecutive fortnights means the pension is quickly reduced, however reinstating the pension is never as quick.

On top of this, medication subsidies can be lost and partner pensions may also be reduced or lost.

Given that the aged care sector is crying out for workers, while also facing an upcoming tsunami of demand, I believe it's high time we make it easier for older workers to step back in from retirement.

One solution could be to exempt employment income completely for aged care workers (and other sectors that have a critical workforce shortage) from the age pension income test.

This would mean that pensioners with limited wealth can work without losing their pension, and without a reporting burden (although taxation would still apply as normal).

Wouldn't it be great if we could harness the wisdom, experience and empathy of our older workers who would still like to earn an income?

I think we should do everything we can to make it worth their while and this becomes even more important as the population ages.

It's a win-win: older workers can supplement their pension and the future of aged care will look that much brighter.

Mike Baird is CEO of HammondCare



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