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## MINISTER CONFIRMS PENSIONERS TO CONTINUE TO FACE 69% TAX RATE

“Minister Rishworth’s confirmation that the federal government will not adopt the New Zealand pensioner work model is cruel news for the more than 500,000 Australians who want to work but are disincentivised from doing so by exorbitant tax barriers,” said Saxon Davidson, Research Fellow at the Institute of Public Affairs.

Today on *ABC Radio Adelaide Mornings*, Federal Minister for Social Services, Amanda Rishworth, confirmed the government will continue to subject Australian pensioners and veterans to an effective marginal tax rate of 69 per cent should they choose to work above work bonus scheme levels.

“The federal government’s intransigence on this issue makes absolutely no sense. At a time when Australia faces an unprecedented and protracted worker shortage, the fact the Minister is standing in the way of Australians who want to work is confounding,” said Mr Davidson.

Pensioners who choose to work in New Zealand pay tax on their combined pension and income at a tax rate as low as 10.5%, and their pension is not reduced for simply working. This is why one in four pensioners work in New Zealand, compared to only three percent of pensioners in Australia.

In Australia, should pensioners and veterans choose to work more than two days a week on minimum wage, they face an effective marginal tax rate as high as 69 per cent due to income tax and lost pension clawbacks.

“IPA analysis has confirmed that New Zealand’s approach to tax and pensions was a significant reason why it faced a far less severe worker shortage post pandemic. Leading surveys have shown 20 per cent of Australian pensioners would rejoin the workforce if these tax barriers were removed.”

“At a time when one in five Australian businesses are struggling to find the workers they need to get the job done, the federal government is maintaining tax and red tape barriers which are such an obvious disincentive to participate.”

“With almost 400,000 job vacancies nationwide, it is completely short-sighted to rely on unplanned mass-migration to fill these vacancies when there are Australians who want to work. The present policy settings are only adding to the housing and cost of living crisis,” said Mr Davidson.

To download the IPA’s research *How New Zealand solved its worker shortage crisis* [click here](#).

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