

SOCIAL SECURITY

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Opinion

The *Reporter* has discussed in the past the problem of the eligibility criteria for invalid pension and its interaction with the older applicant who is facing a job market with contracting opportunities. The specific problem we posed was to what extent could the structural changes in the labour market be used to 'qualify' a person for invalid pension? We concluded that a relatively minor medical condition will often render a person over 50 unemployable and so incapacitated for work. (See 'Incapacitated for work: What happens when the work dries up?' (1984) 18 *SSR* 190; 'Incapacity for work: How critical is the medical condition?' (1985) 26 *SSR* 323.)

There is by no means a consensus in this area. No doubt part of the problem is that calling a person with a minor medical condition an 'invalid' appears to strain the natural meaning of the term. Thus the view prevails that there is a group of older people better categorised as 'unemployable' than 'invalid'.

The second issues paper released by the Social Security Review entitled 'Too Old for a Job, Too Young for a Pension?' addresses the issues associated with income support for older people out of work.

The paper proposes a number of possible approaches to reform in the income support area. These include increasing the rate of unemployment benefit for older recipients to that of the age pension and to make fringe benefits accessible, to provide an 'age' benefit identical to the age pension for older unemployed people after a certain time on unemployment benefit and to liberalise the income test for the older unemployed.

These are important issues and the reform proposals are worthy of serious consideration. But there are a few concerns. The phenomenal growth of superannuation funds in recent years has of course made self support in retirement a reality. On the other hand those without access to such schemes must depend on the social security system for their income support in retirement.

If an age benefit is made available to the older unemployed will more involuntary early retirements occur? The issues paper notes 'that the availability of pensions can have an effect on the attitudes and behaviour of those who employ and work with older workers as well as on the older workers themselves. Employers may use such schemes to reduce the size of their labour force or to decrease their average wage costs'.(p.36)

Although the paper suggests a period on unemployment benefit before payment of the higher benefit as a protection for employees being forced into early retirement, there is no guarantee that such a scheme would have such a postponement.

Of course, an age benefit as proposed would advantage those who presently fall into the category of 'unemployable' but do not qualify for a pension. While this is undeniable the improvement is only relative. Are we moving towards a society where a pension or age benefit is going to be a poor second prize to being self supporting? Perhaps the parameters of the discussion are too controlled by current fiscal considerations.

B.S.

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