

**ACTU Submission**

**To the House of Representatives**

**Standing Committee on Ageing**

**Inquiry into Long Term Strategies to  
Address the Ageing of the Australian  
Population over the Next 40 Years**

The ACTU welcomes the opportunity to participate in constructive dialogue on the issue of long term strategies to address the ageing of the Australian population over the next 40 years. The ageing of the Australian population raises issues of working life. Issues of working life are the concern of our members.

This ACTU submission focuses on that element of the ageing of the Australian population relating to the participation of mature age workers in the workforce.

The issues about the workforce participation of mature age workers are:

- About dignity in living,
- About no discrimination against mature age workers in society and in particular in employment and occupation,
- About redundancy and retraining,
- About quality part-time work to assist in the transition to retirement, and
- About identifying and providing the sorts of support and assistance mature age workers need to help them make their transition.

## **1. Dignity in living**

Dignity in living for mature age workers is about:

- choice concerning when they retire, and how they make that transition, and
- their financial security.

Older workers are not a homogeneous group. They have had different work experiences. Some will want to continue working either full time or part time. Others, for various reasons, may wish to retire. There needs to be more choice open to workers about when they retire and whether this is done immediately or progressively.

The preference of some older workers to choose more flexible hours must be recognised. There is a need to build the right of employees to choose their hours, subject to the needs of the employer.

Dignity in living is also about mature age workers' financial security. To be able to freely choose to retire or not workers need financial security. A key aspect to financial security for older workers is superannuation and its impact on their retirement income. The current level of SGC at 9% is not enough to create adequate retirement income. The ACTU supports an increase in the SGC, in an incremental way, up to 15%.

ACTU Policy on Superannuation states with regard to the SGC level:

*“In order to ensure adequate retirement income for all workers, the ACTU will continue to build support for increasing contribution levels to 15 per cent, without trade-offs, over an appropriate period of time. This support will be built through bargaining, and consideration of the changes required in legislation and Government policy.”<sup>1</sup>*

As the ACTU noted in our submission to the Senate Select Committee on Superannuation Inquiry into Superannuation and Standards of Living in Retirement:

- It is well-established that the Superannuation Guarantee Charge is insufficient to guarantee all citizens an adequate standard of living in retirement.
- While there is wide-spread agreement about the need to increase the amount of superannuation savings, there no consensus about how this should be achieved.

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<sup>1</sup> ACTU Policy: Superannuation, Congress 2000

- The ACTU has considered the issue in relation to both increasing the funds going to superannuation and reducing the erosion of superannuation savings through taxation and fees.
- The ACTU supports an increase in minimum mandatory superannuation contributions to 15 per cent, phased in over an appropriate period of time.
- The ACTU recommends that the Committee consider options for this to occur, including through the taxation system, direct employer contributions, member co-contributions or a combination of some or all of these.
- Reduction of taxes, particularly the 15 per cent tax on contributions, would add to employees' retirement incomes, without requiring additional employer or individual contributions.
- The ACTU is opposed to the Government's intention to reduce the superannuation surcharge for high income earners, while leaving the taxation position for low and middle income earners unchanged.
- The ACTU supports measure to assist low and middle income earners increase their retirement savings. However, it needs to be recognised that most of these people find difficulty in meeting their day to day financial obligations, and do not see themselves as being in a position to make additional voluntary contributions, even though there is growing recognition that it is important to save for retirement.
- The ACTU submits that more comprehensive measures are required to assist low and middle income earners increase their retirement savings.
- To the extent that superannuation contributions required to be made by employers are not effectively enforced, retirement savings of affected employees will be reduced.
- In addition to tightening up the requirements for payments, there is a clear need for greater emphasis by the ATO on enforcement, and on ensuring that superannuation contributions belonging to "lost" members are reunited with their owners.
- Fees and charges are key issues for retirement income; even small fee differences can have a significant effect on final accumulations.

- The ACTU supports restraint on fees and charges, including consideration of the practicability of a cap of some kind.

Financial security is also affected by security of workers entitlements. There have many recent cases of loss of workers entitlements. This issue is particularly important for mature age workers who are more likely to have multiple years of service with their employer and therefore more at stake. The Government should protect entitlements through a comprehensive national scheme because it is mature age workers who have the most to lose.

## **2. No discrimination against mature age workers in society and in particular in employment and occupation**

ACTU Policy on Discrimination states:

*“There is no place in Australian society for discrimination on the basis of [a number of factors including] age. The Union movement is committed to equality of opportunity and treatment in society generally and in employment and occupation in particular.”<sup>2</sup>*

The ACTU supports the Federal Attorney-General’s proposal to introduce Federal Age Discrimination legislation.

The introduction of such legislation should be accompanied by a public education campaign. A barrier felt by employees is that they are “considered too old by employers”. Public education campaigns should be conducted to alert employers of the benefits of retaining or employing workers over 45.

According to research the main impediment to older workers’ employment prospects is the perception that they are less capable than their younger counterparts and that they lack the ability to develop new skills, particularly those with a technological focus. This point was noted in the report of the

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<sup>2</sup> ACTU Policy: Discrimination, Congress 1983

House of Representatives Standing Committee on Employment, Education and Workplace Relations “Age Counts”.

As the ACTU pointed out in our submission to that inquiry, ACIRRT research<sup>3</sup> has shown that older workers are perceived on two levels:

- as having more experience and maturity, a more developed work ethic, higher commitment to their jobs
- as inflexible and rigid, with fewer abilities (physical and psychological), unreceptive to new technology, more resistant to organisational change, lacking appropriate skills, difficult to retrain, lacking energy and enthusiasm.

However, that research has also found:

- that differences between workers are individual and there should be no age-based generalisation about abilities, and
- where workplaces adopt a positive approach to integrating mature aged workers’ skills and experiences those workplaces have become more productive.

The ACTU and our affiliates are well placed to participate in an education campaign to change community attitudes about mature age workers.

### **3. Redundancy and Retraining**

A lot of workers are being made redundant in their middle and later years. Employers have, in some cases, used downsizing as a way of eliminating older workers.

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<sup>3</sup> ACIRRT Productivity of Mature and Older Workers: Employer’s Attitudes and Experiences, University of Sydney, 1996

The ACTU and unions are employed by workers who, if retrenched, want redundancy payments to support them in making a transition in the labour market so we have a focus on ensuring that redundancy payments are paid at a level which can assist workers make that transition. Redundancy payments are vitally important to help people who may be unemployed for a lengthy period. Australian Bureau of Statistics data reveals that workers aged over 45 face an average period of unemployment of 96 weeks compared with 38 weeks for under 45s.<sup>4</sup>

The ACTU is currently running a test case for increased severance benefits for employees made redundant. Part of the test case claim is for an enhanced level of severance to over 45s in recognition of their labour market disadvantage.

It is not acceptable to regard workers aged over 45 as having reached the end of their productive lives. The necessary policy adjustments need to be made which will facilitate their retention in, or their return to, productive paid employment. Mature age workers need education, training and learning to enhance their employment chances.

The ACTU supports life long learning so workers do not get to mature age and find that their skills are outdated.

ACTU Policy on this issue states:

*“6 Education*

- *Ensuring that those most disadvantaged in our society, including older workers seeking to re-skill are provided with the necessary support from both universities and government to lift their educational achievements and thereby provide increased opportunities for employment*

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<sup>4</sup> ABS Retrenchment and Redundancy Cat 6266.0 May 2001

- *A commitment to fund the ongoing education and training of all Australians throughout their lives to meet the changing social and economic circumstances they will encounter in a knowledge society.*<sup>5</sup>

To promote skill enhancement for workers, including mature age workers, the ACTU believes there should be encouragement for larger workplaces to assess the skills and skill needs of workers to enhance productivity and efficiency and therefore the workers' job security.

Local vocational education providers should be adequately funded to provide this skill enhancement to older workers.

To help keep people in employment, older people need to have quality, attractive jobs. That means there has to be an effective VET system which includes an effective Recognition of Prior Learning (RPL) system. The Government has to set up an effective RPL system and fund it.

#### **4. Quality part-time work to assist in the transition to retirement**

Innovations are needed to provide for a transition period from full-time employment to the point of retirement. It is important to consider the quality of the jobs for mature age workers.

As we stated above, the preference of some older workers to choose more flexible hours must be recognised. There is a need to build the right of employees to choose their hours subject to the needs of the employer.

Greater flexibility in the choices of work options is required. Reduced hours or part time work is an option. Part time work options must meet the needs of the employee as well as the employer. Such quality part time work requires monitoring to ensure genuineness.

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<sup>5</sup> ACTU Policy: The Economy and The Role Of Government Policy, Congress 2000



For example, part-time work which requires a worker to attend the workplace five days per week for several hours per day (for example, to cover peak customer demand periods) may not be attractive to older workers who may prefer to work normal hours on less than five days opening up entire days to recreation or other pursuits.

There is a need to consider changed working conditions for mature age workers. Work environments and work tasks could be adapted to the needs of mature age workers.

### **5. Identifying and providing the sorts of support and assistance mature age workers need to help them make their transition**

A lot of workers are being made redundant in their middle and later years, statistics on the length of duration of unemployment shows that those over 45 are disadvantaged. These workers face difficulties of transition in the labour market.

Issues for these workers are ones of:

- How to assess what their needs might be?
- What guidance can be accessed?
- What supports are available?

These are transition in the labour market issues and in this the government has a big role to play. There is a need to improve the employment and other services provided to mature age workers.

The ACTU believes that the Government should finance research into the thoughts of mature age workers about what supports they need.

The ACTU believes the Government should consider funding workplace vocational advisors who could provide guidance to employees about their retraining needs and options.

Provision of services needs to have a regional and a local focus. It means working with local organizations – unions, skill providers, TAFEs, universities, JobNetwork providers, etc. For example, if a major redundancy occurs in an area the ACTU believes that it is more efficient to utilise these local facilities and organisations than to set up committees to deal with the situation.