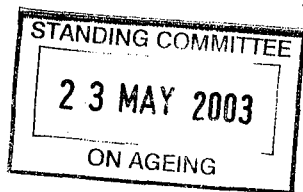
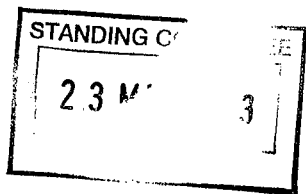




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Dr Andrew Southcott MP
Chairman
Standing Committee on Ageing
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Dr Southcott

INQUIRY INTO LONG-TERM STRATEGIES TO ADDRESS THE AGEING OF THE AUSTRALIAN POPULATION OVER THE NEXT 40 YEARS

Please find attached information requested by your Committee from the Department of Family and Community Services (FaCS) at the public hearing of 7 February 2003.

I hope you find the information useful, and please do not hesitate to contact me if you require any additional information.

Yours sincerely

David Hazlehurst
Assistant Secretary
Strategic Policy and Knowledge Branch

5 May 2003

Encl.

Please Quote:
Telephone: (02) 6244 1895

facs making a difference

**FACS SUBMISSION
HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON AGEING –
ADDITIONAL INFORMATION**

**Inquiry into long-term strategies to address the
ageing of the Australian population over the next
40 years**

May 2003



**DEPARTMENT OF
FAMILY AND
COMMUNITY
SERVICES**

Commonwealth Department of Family and Community Services

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INCREASING PARTICIPATION

1.1 MATURE AGE LABOUR FORCE PARTICIPATION

Question: Why does Australia have lower participation amongst mature men and women over 65 and also amongst men aged 55 to 64 (compared to other OECD countries)?

As noted in the FaCS submission to the Committee (pg. 10), Australia's rates of labour force participation amongst men and women aged 55 to 64 years are lower than the OECD average (see Figures 1 and 2). The average participation rate of mature people aged 55 to 64 in the OECD as a whole is 50.8 per cent. Australia in comparison has a lower participation rate of 48.6 per cent.

This comparison is based on a population-weighted average that takes into account the population of each country¹. As such, this average is raised by the high rate of labour force participation in countries with large populations such as the United States, the United Kingdom and Japan.

Using a simple average of all OECD countries participation of people aged 55 to 64 Australia is slightly above average at 48.6 per cent compared to 47.2 per cent². The participation rate amongst men and women aged 65 to 69, however, is lower than a simple average of a range of OECD countries (see Attachment A)³.

In explaining differences in mature age participation rates in Australia compared to other countries, it is important to consider the institutional and labour market arrangements in those countries as well as in Australia. The main factors that may have an effect on mature age participation across OECD countries are: labour market conditions, the level and structure of pensions and benefits, and cultural expectations about retirement and mature age employment⁴.

The Commonwealth Government has introduced policies to address many of these factors to assist people to maintain their capacity for economic participation throughout their working life. These are outlined in the FaCS submission to the Standing Committee (pages 12 and 15).

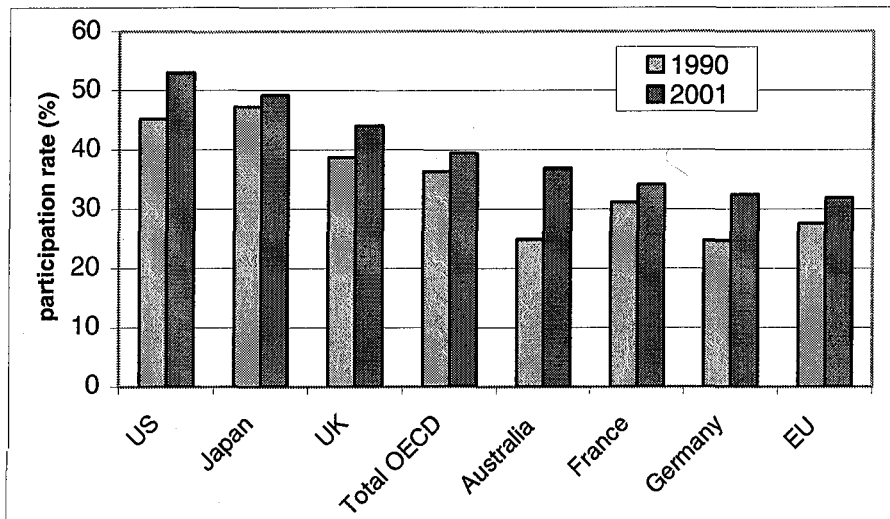
¹ It is calculated by taking the total OECD employed population aged 55 to 64 and dividing this by the total OECD population.

² A simple average adds together the participation rate of all OECD countries and divides this by the number of countries.

³ The data used for the comparison of those aged 65-69 years does not cover all OECD countries.

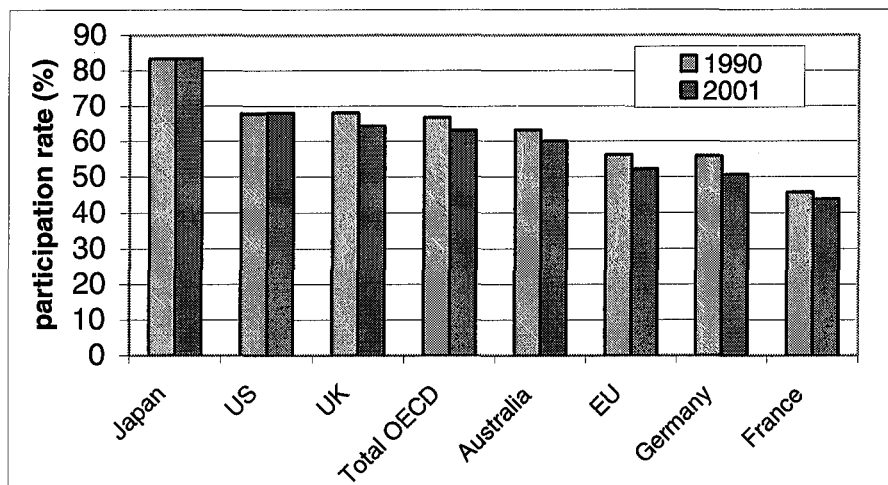
⁴ Blondal and Scarpetta (1998), OECD, examines the effect of these factors on labour force participation of older workers in a range of OECD countries.

Figure 1: OECD labour force participation, females aged 55 to 64 years



Source: OECD, 2002a.

Figure 2: OECD labour force participation, males aged 55 to 64 years



Source: OECD, 2002a.

Labour Market Conditions

A key factor in whether or not mature age workers continue working is the ease with which older unemployed people find and maintain employment. When there is inadequate **demand for labour**, older workers tend to become discouraged and leave the labour force rather than remaining unemployed, thereby lowering the participation rate. Thus, across OECD countries the participation rate of older workers (55-64) is very close to the employment rate.

Economic and technological change can affect the demand for mature age workers more than others. For example, the decline of the manufacturing industry is often cited as contributing towards the decline in employment of mature age workers in many countries. This may be a common factor in the decline in male mature age employment in most OECD countries.

Another potentially important factor for labour demand of mature age workers is the provision of suitable **job-related training**. Due to technological change older workers may need to update their skills. However, investment in job-related training by firms tends to decline with age. Countries with significant investment in mature age training would be expected to have enhanced employment prospects for older workers.

Australia has a **lower incidence of job-related training** amongst mature age workers than many OECD countries such as the US, New Zealand and the UK. These countries also have higher levels of mature age participation than Australia⁵.

The **flexibility of the labour market** may influence the demand for mature age workers. For example, countries with flexible wage systems may adjust to a fall in demand for older workers who lack suitable skills by providing low-wage employment to older workers. This appears to be a significant factor in countries such as the US and Japan, both of which have high mature age participation rates⁶.

Also related to labour market flexibility, is the incidence of **part-time employment** amongst older workers. Some countries, such as the US, have high rates of part-time employment amongst both mature age men and women, which in part contributes to the US's high rate of mature age labour force participation⁷.

Level and Structure of Pensions and Benefits

The availability of unemployment benefits, disability and age pensions can potentially influence the decisions of mature age people to remain in or to leave the workforce⁸. The generosity or level of income support may also be an influential factor. Pre-retirement income support includes unemployment benefits, disability support pensions and early retirement payments. Post-retirement support includes public age pensions, privately funded pensions and individual savings.

During the 1970's and 1980's, in many developed countries there was an **increase in the use of early retirement schemes, unemployment benefits and disability pensions** during a period of significant economic restructuring. Australia, like many European countries, introduced special arrangements for mature age unemployed people on unemployment payments; and permitted

⁵ OECD, 2002c

⁶ Older-workers in Japan face a substantial cut in wages once they reach their firm's mandatory retirement age and switch to a new job whether within or outside of the firm. There is some concern in Japan that an increasing number of older workers are working in temporary jobs and, involuntarily in part-time jobs. There is however, recognition of the need for a greater diversification of working patterns to encourage older people to continue working longer (OECD, 2002c).

⁷ OECD, 1995.

⁸ For example, a study of OECD countries found that labour force participation rates amongst older men are strongly correlated with the availability of public pensions (Gruber and Wise, 1997).

consideration of local labour market conditions in assessing the eligibility of mature age applicants for disability pensions.

Pre-retirement access to mandatory savings schemes, such as superannuation in Australia, may provide further incentive to retire before the standard retirement age. In Australia's case, individuals are able to draw on superannuation savings (also as a lump sum payment) from age 55⁹. This preservation age is being gradually raised so that, for people born after 30 June 1964, the preservation age is now 60 years. Up to now, accumulated superannuation may have been too low for many in the workforce to have a major influence on retirement decisions¹⁰.

The **level of benefits and pensions**, which are accessible both before and after the standard retirement age, is also a factor in retirement decisions. Compared with other OECD countries Australia has relatively low replacement rates (for those without dependent children) for unemployment benefits, and disability and age pensions¹¹. Therefore, simply looking at the replacement rate, the level of pensions or benefits is unlikely to be a significant factor in lowering Australia's mature age participation rate relative to some of the other OECD countries.

Income and assets tests applied to mature age persons, however, may reduce incentives to work both prior to and after the age of age pension entitlement.

The range of **indirect financial benefits** that are available to older people is also relevant. Factors such as access to subsidised medical and health services (particularly before retirement age), together with rates of home ownership, may also have important financial implications. In the case of Australia, access to publicly funded medical care and a high rate of home ownership may make early retirement more attractive relative to other OECD countries, in particular the US and UK.

In addition to the actual level of pensions, the **system of pension wealth accumulation** may also increase incentives to remain at work. In theory, if the level of pension wealth increases over time due to in-work contributions then there will be more of an incentive to continue working. Improved pension wealth can, however, reduce incentives to remain at work once people reach an age where they can access that wealth.

Unlike Australia, many European countries have contribution-based state pension schemes. However, with many of these European schemes, pension contributions are not linked closely to benefits. After a certain period of contributions, additional contributions can result in little or no difference to the level of pension paid – thereby reducing the incentive to remain in the labour force.

⁹ OECD, 2002b.

¹⁰ OECD, 1995.

¹¹ *Replacement rate*: the ratio of the income out of work (from pension and/or benefits) to the expected income in work.

While Australia has a non-contributory state pension scheme, the defined contribution nature of **compulsory superannuation** would be expected to have a positive impact on incentives to remain in the workforce. Although, as previously mentioned this incentive effect may be offset by the ability to access superannuation prior to the standard retirement age.

Cultural Expectations

Cultural expectations, such as the attitudes of employers, may influence the extent to which mature age people remain active in the labour market. These cultural expectations may reflect historical circumstances and/or **country specific economic and demographic factors**.

For example, in Australia compressed family responsibilities due to the size of the migrant population and the general lack of extended family networks may have a negative impact on mature age participation. Countries with small populations and/or economies may require a more intensive use of labour, thereby increasing mature age labour force participation (for example, Iceland). At the same time, countries with long-life expectancies, such as Japan, may have an expectation that mature age people will work longer.

The relatively small social protection system in Japan reflects the fact that the family remains the major source of care. Limited social support would tend to necessitate a greater level of labour force participation amongst older people. However, older workers 'involuntarily' leaving the workforce to care for sick or disabled spouses would tend to have an offsetting effect.

References:

Blondal, S. and S. Scarpetta (1998), 'The retirement decision in OECD countries', *Economics Department Working Paper No. 202*, OECD Paris

Gruber, J. and D. Wise (1997) 'Social security programs and retirement around the World' National Bureau of Economic Research, Working Paper 6134, August

Organisation For Economic Cooperation and Development (OECD) (2002a), *Employment Outlook 2002*, July, OECD Paris

Organisation For Economic Cooperation and Development (OECD) (2002b), *Economic Outlook 2002*, December, OECD Paris

Organisation For Economic Cooperation and Development (OECD) (2002c), 'Policies to improve the labour market prospects of older workers: Progress Report', Employment, Labour and Social Affairs Committee, OECD Paris

Organisation For Economic Cooperation and Development (OECD) (1995), 'The labour market and older workers', *OECD Policy Studies No. 17*, OECD Paris

1.2 STRUCTURAL REFORMS OF THE ECONOMY AND MATURE AGE EMPLOYMENT

Question: Has any study been done to look at structural reforms within the economy, changing occupation and how this relates to mature age unemployment?

FaCS has not carried out studies specific to the issue of economic restructuring and its effect on mature age unemployment and employment. However, FaCS has undertaken research on the issue of mature age participation that focused mainly on the retirement intentions and behaviour of older Australians.

The most important research looked at workforce circumstances and retirement attitudes of older Australians. This research aimed to provide a better understanding of the reasons for, and dynamics of, unemployment and labour force withdrawal among older workers, their income support patterns and financial circumstances. The core of the research was two national surveys on the experiences and attitudes of the five million Australians aged 45–69 years.

Four Research Sheets which report on the main findings of the research are at Attachment B. A study of the characteristics of older workers, undertaken by UNSW for FaCS as part of this research, is also included (see Attachment C - Norris, K. and B. Bradbury (2001), 'An analysis of trends and characteristics of the older workforce' Social Policy Research Centre, University of New South Wales).

There are other studies and reports carried out by other organisations, which address the issue of economic restructuring and mature age employment more directly. These studies include:

- Australian Bureau of Statistics (1999), 'Older Jobseekers', in Australian Social Trends, Cat. No. 4102.0, ABS Canberra
- Council on Ageing (Australia) & Committee for Economic Development of Australia (CEDA) (2000), 'Older Australians: A working future', Council on Ageing (Australia) and CEDA, Melbourne
- House of Representatives Standing Committee on Employment, Education and Workplace Relations (2000), 'Age counts: An inquiry into issues specific to mature-age workers', Parliament of the Commonwealth of Australia, Canberra
- Littler, C.R. and Dawkins, P. (2001), 'Downsizing: Is it working for Australia?', Melbourne Institute of Applied Economic and Social Research, Melbourne

- Moir, H. (1982), 'Age structure of industries and the position of older men in the labour market', *Australian Bulletin of Labour*, Vol. 8, June, 156-175
- NSW Dept of Industrial Relations and Employment (1999), 'Directions on ageing in New South Wales', NSW Government, April
- NSW Committee on Ageing (2001), 'Too young to go: Mature age employment and early retirement in NSW', NSW Government
- Patrickson, M. and Hartmann, L. (1998), 'Managing an ageing workforce', Business and Professional Publishing, Warriewood NSW

The studies and reports contain a variety of explanations as to why changes in the structure of the economy may result in the declining participation of mature age men and increasing participation of mature age women. The main factors put forward in these studies include the following:

- The impact of downsizing and economic restructuring has been unevenly distributed among the workforce, with older workers being significantly more affected.
- Jobs in industries that employ a large proportion of older workers, such as manufacturing and agriculture, have declined. In addition, the employment of mature age workers has decreased across all industries.
- Rates of job loss are higher for workers over 55, and re-employment rates are lower for mature age workers who have been retrenched.
- Once unemployed, mature workers can find it difficult to regain employment for a range of reasons, for example, employer attitudes and lack of suitable qualifications and skills.
- Employment has increased in a range of other sectors, such as the service sector, information technology sector and the environment. Employment growth in jobs such as these, which tend to be knowledge based and require higher skills, may preclude mature age workers who lack the necessary training or skills.
- The trend towards part-time employment has also affected older workers; part-time employment tends to favour women more than men.

1.3 EMPLOYER ATTITUDES

Drake International research - Age discrimination is alive and well

The Drake International research was undertaken by Chris Meddows Taylor and Wendy Parker.¹² It was entitled Age discrimination is alive and well. A copy of the media release associated with the release of the research on 27 October 1999 follows.

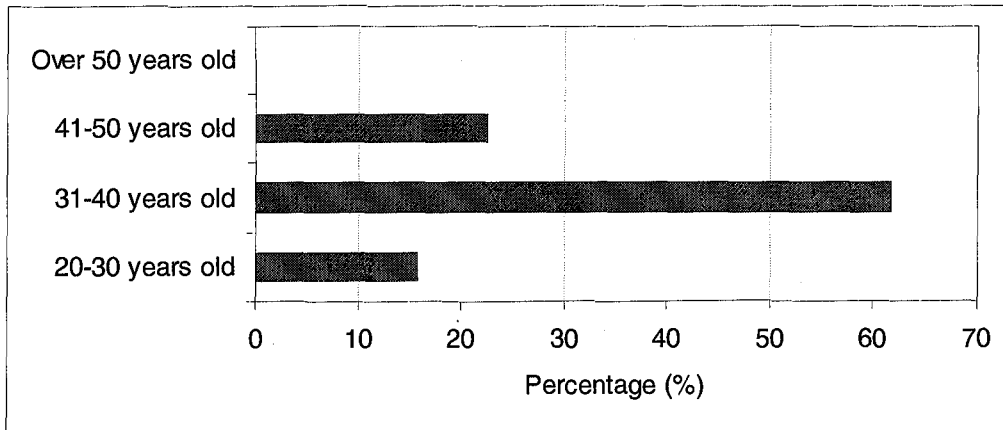
The release reported on the findings from national interviews with 500 senior executives and human resource managers on their age preferences in relation to recruitment, retrenchment practices and training executive staff. It found that 62 per cent of organisations make most of their selections from the 31 to 40 year age group with about 23 per cent favouring people aged between 41 and 50 years. None of those surveyed would choose to employ managers and executives in their fifties. In addition, 65 per cent of respondents indicated that people aged over 50 were the preferred age group when retrenching employees.

¹² The research was not commissioned by FaCS, as stated in the FaCS submission.

**DRAKE PERSONNEL
MEDIA RELEASE
27 OCTOBER 1999:**

AGE DISCRIMINATION IS ALIVE AND WELL

Chart 1: Preferred age group when recruiting and selecting employees



If you're "thirty-something" you're very much part of that chosen group of individuals that companies are falling over backwards to employ as executives and managers.

However, if you're between 40 and 50 your chances of being snapped up to fill these roles is more than halved and if you're passed the half-century mark, you're quite literary out of the running.

These were some of the more alarming results to emerge from some far-reaching research conducted by Drake Management Consulting in which over 500 senior executives and HR managers nationwide were questioned about their age preferences when it comes recruiting, retrenching and training staff.

According to the findings, a very sizeable 62 per cent of organisations make most of their selection form the 31-40 age-group, while almost a third less (23 pc) having a greater penchant for those in their forties.

Shockingly, none of the 500 respondents would choose to employ managers and execs in their fifties.

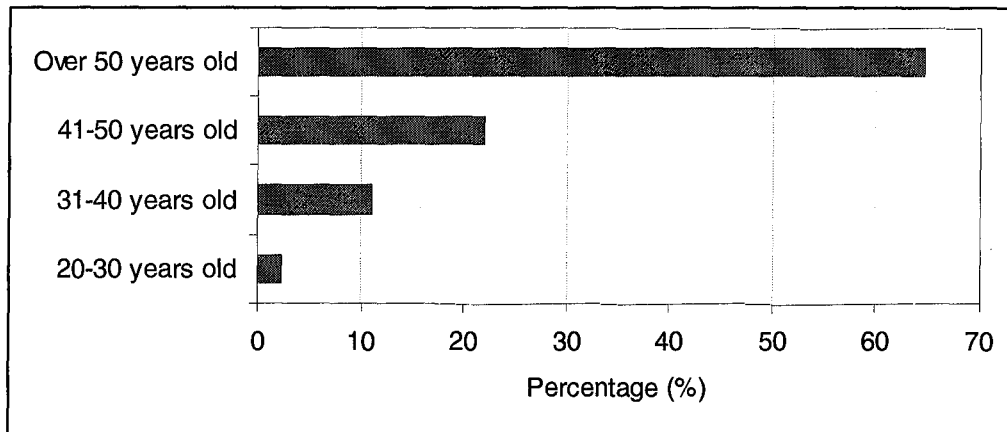
Tragically, it is also the fifty-somethings who are most likely to get the boot, with up to 65 pc of companies saying this group would be first to go when retrenching.

According to Drake Management Consulting's national manager, Chris Meddows Taylor, the results were much worse than had initially been anticipated. "While we have long known that ageism is a problem in organisations, we were unaware of just how deep-rooted the problem is.

“We have always recognised that ageism is prevalent in some industries. However, what we now find, it is endemic across the entire workplace – with just a handful of exceptions.

“The results also come at a time when companies are beginning to recognise that knowledge and learning are crucial to their competitive success and instead of retiring our mature workers – our powerhouses of knowledge – we’re relegating them to the employment scrapheap!”

Chart 2: Preferred age group when retrenching employees



Mr Meddows Taylor says the current trend by organisations – to rid themselves of mature veterans and make way for younger, dynamic and more energetic management teams – may look good and visibly demonstrate change, but generally these were just band-aid solutions.

“Being seen to get rid of dead wood and bring in the new brooms is often done to appease shareholder demands but do beware. Investment analysts are increasingly looking behind the quick-fix solution and wanting to assess the depth of knowledge, talent and wisdom in the company as well as the strategies to develop these things.

“Simply presenting a young new beaut executive team is no substitute!”

Mr Meddows-Taylor says that the demise of maturity and wisdom in organisations is seeing a growing demand for short-term high-level management expertise – better known as interim management.

“This is a huge industry in the US and Europe and is fast catching on in Australia as organisations increasingly find they don’t have the people with the necessary skills and expertise to manage company transition and steer organisations through troubled waters.

“It is from Australia’s pool of 50-year-old executives that our interim managers are being drawn. Put simply, companies are starting to realise the immense potential interim managers can offer.”

Industry attitude to ageism

Age discrimination is more prevalent in some sectors than others.

According to the Drake research, a “young culture” appears to dominate the management and executive teams of the country’s banking/finance, public sector and business services organisations (accounting and legal firms).

In the banking and finance arena, the lion’s share of organisations (81.5 pc) favour 31-40 year-olds, with just 3.7 pc of survey respondents opting for employees over the age of 40. Similarly in government circles, 90 pc prefer the thirty-something group while in legal and accounting firms, 84 pc draw their executives from this 30-40 year-old pool.

According to Mr Meddows Taylor, a significant focus of the banking and finance sector recruitment activity is on young high-flying graduates who bring with them a portfolio of both specialist and generalist skills – one of the key demands of a rapidly changing industry.

“There is a dangerously simplistic view around that with markets moving so rapidly, many older executives are unable to keep up – the result being that many are forced out once they reach 45.”

Mr Meddows Taylor says with increasingly sophisticated recruiting techniques, firms in the business services sector are now quickly able to identify high flyers – the outcome being that young accountants and lawyers are no longer faced with a long wait before becoming partners.

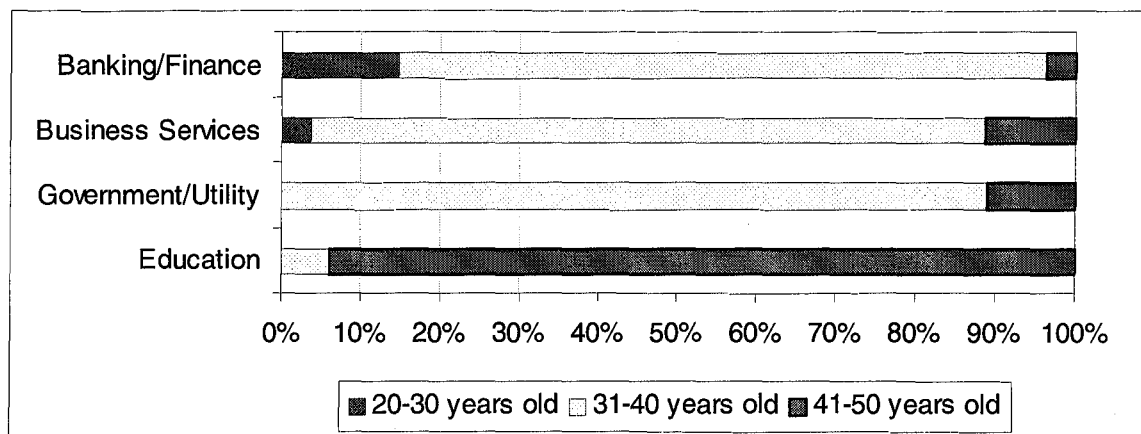
“Fast-tracking is now commonplace.”

He believes the focus away from older executive in government circles stems from corporatisation and privatisation as well as ongoing downsizing and restructuring activity in the sector which has seen many people over the age of 45 leave.

“In addition, an increased focus on the more youthful executive is a reflection that the public service is no longer a stable institution. Instead, the rapidly changing dynamics of governments, ministers and the public policy agenda is creating a demand for transparently highly adaptable and flexible senior bureaucrats.”

Ironically, while the belief out there is that IT companies have a very young culture, Drake research has shown the IT industry, in fact, has a more balanced approach to age.

Chart 3: Preferred age group when recruiting employees by industry sector



“While the largest proportion of preferred execs come from the 30-40 age-group, only 17 pc of the industry has a preference for 20-30 year-olds, while close on 20 pc say they’d hire a 40-50 year-old ahead of anyone else.

“Although there is a perception out there that technology companies should be staffed by people in their twenties and thirties – especially where a younger age profile is seen as desirable for succession planning or team planning reasons – this doesn’t appear to be the case.

“Given the challenge of a rapid growth industry like IT, clearly it recognises the importance of maturity.

“Also in situations where these companies have to deal with culture change, volatile markets and a lack of processes and support structures, young teams have a clear need for managers who have experienced these situations.”

Education is the only area where maturity is valued ahead of youth – with almost 95 pc of organisations in the sector stating a preference for employees between 41-50, says Mr Meddows Taylor. “It is hardly surprising that we find in this sector, the real acknowledgement of the value of knowledge, learning and wisdom.”

Smashing the stereotypes

Mr Meddows Taylor believes negative stereotypes are driving much of the age discrimination that pervades the Australian workplace.

“This belief out there is that people over the age of 45 are inflexible, unable to adapt to change, they want more money, they’re resistant to training and that they undermine the authority of young people in senior posts.

“Our research certainly bares out some of these erroneous attitudes in that it shows that as many of 70 pc of Australian firms say the reason why they’d retrench executives over the age of 50 ahead of others, is because they’re perceived to be inflexible and unwilling to change.

“The greatest irony is that inflexibility generally has little to do with age. It is usually a state of mind and often people in their 20s succumb to this problem.”

Mr Meddows Taylor says further Drake research show that negative attitudes about mature executives resisting upskilling and training, don't stand up to scrutiny.

“Our findings show that as many as 86 pc of senior workers are more than happy to take up training opportunities offered to them – crushing any suggestion that they are either too arrogant or too set in their ways to embark on learning.

“Clearly, even old dogs are happy to learn new tricks.”

Mr Meddows Taylor says there is little evidence to suggest that older executives generally want more money than their younger counterparts. “In many instances people in their fifties no longer have the financial responsibilities they did in their 30s and 40s – when they were saddled with mortgage repayments and children's education.

“As a result they're more likely to put pay issues in perspective, often taking a cut in salary.”

As for mature workers undermining the authority of younger people in more senior posts, he believes this rarely occurs. “Today's young leaders have high levels of personal confidence and are highly unlikely to feel undermined by their older colleagues.”

Ultimately, says Mr Meddows Taylor, our more seasoned veterans bring distinct assets to an organisation – experience, knowledge, wisdom, personal stability, confidence and an alternative perspective to that of the young and callow!

Addressing the problem

While some enlightened employers are beginning to change their mindset where the recruitment, retirement and training of mature workers, what we aren't seeing is the introduction of a major culture and mindset change in organisation.

“The need for this is imperative and responsible CEOs and HR heads have a key role to play here,” says Mr Meddows Taylor, who points to the longer-term implications of ageism.

“As baby-boomers become pensioners, an ever-smaller proportion of the population will be working to support an ever-growing number of retirees. According to the OECD predictions, as a result of falling population levels, over the next 25 years, 70 million people will retire, to be replaced by just 5 million new workers.

"This contrasts very strongly with the past 25 years where 45 million new pensioners were replaced by 120 million baby-boomers. By 2051, between 24-26 pc of Australia's population is expected to be aged 65 plus, compared with just 12 pc in 1997.

"Holding on to a mature workforce is going to become increasingly crucial!" says Mr Meddows Taylor.

1.4 EMPLOYER INNOVATIONS

Examples of businesses being pro-active towards employment of mature age workers

This issue would fall more readily within the responsibility of the Department of Employment and Workplace Relations. The information FaCS can provide is limited and is based on media reports and anecdotal evidence. This information does not extend to detailed knowledge of specific programs run by particular employers.

FaCS Mature Age Worker Strategy

Under the FaCS Certified Agreement 2002-2005, Clause 11.1 states that 'in line with policies being developed to maintain employment for older workers in the Australian workforce, it was agreed that FaCS should aim to become a model APS employer by developing a strategy to retain the services of its very experienced employees beyond an age where they might otherwise seek to retire.'

The purpose of the strategy is to provide information and advice to employees and managers about the options available to older FaCS employees with specialised skills and/or experience to continue a working relationship with FaCS beyond an age where they might otherwise seek to retire.

It is anticipated that FaCS will launch this Strategy in mid-2003.

2. SUPPORTING FAMILY FORMATION AND RESILIENCE

2.1 WORK AND FAMILY FACT SHEETS

Enclosed.

3. RESPONDING TO AGEING COMMUNITIES

3.1 AGEING BY REGIONS

The ABS provides various population projections for Australia, including a breakdown by age cohorts. FaCS' submission provided a map showing the growth in the proportion of the population over age 65 between 1999 and 2051, by state and territory. Figure 1 provides a further breakdown of these figures, highlighting growth in the proportion of the population over age 65 between 1999 and 2051, by capital city and balance of state/territory. Table 1 provides a list of the projected oldest Statistical Local Areas in 2019.

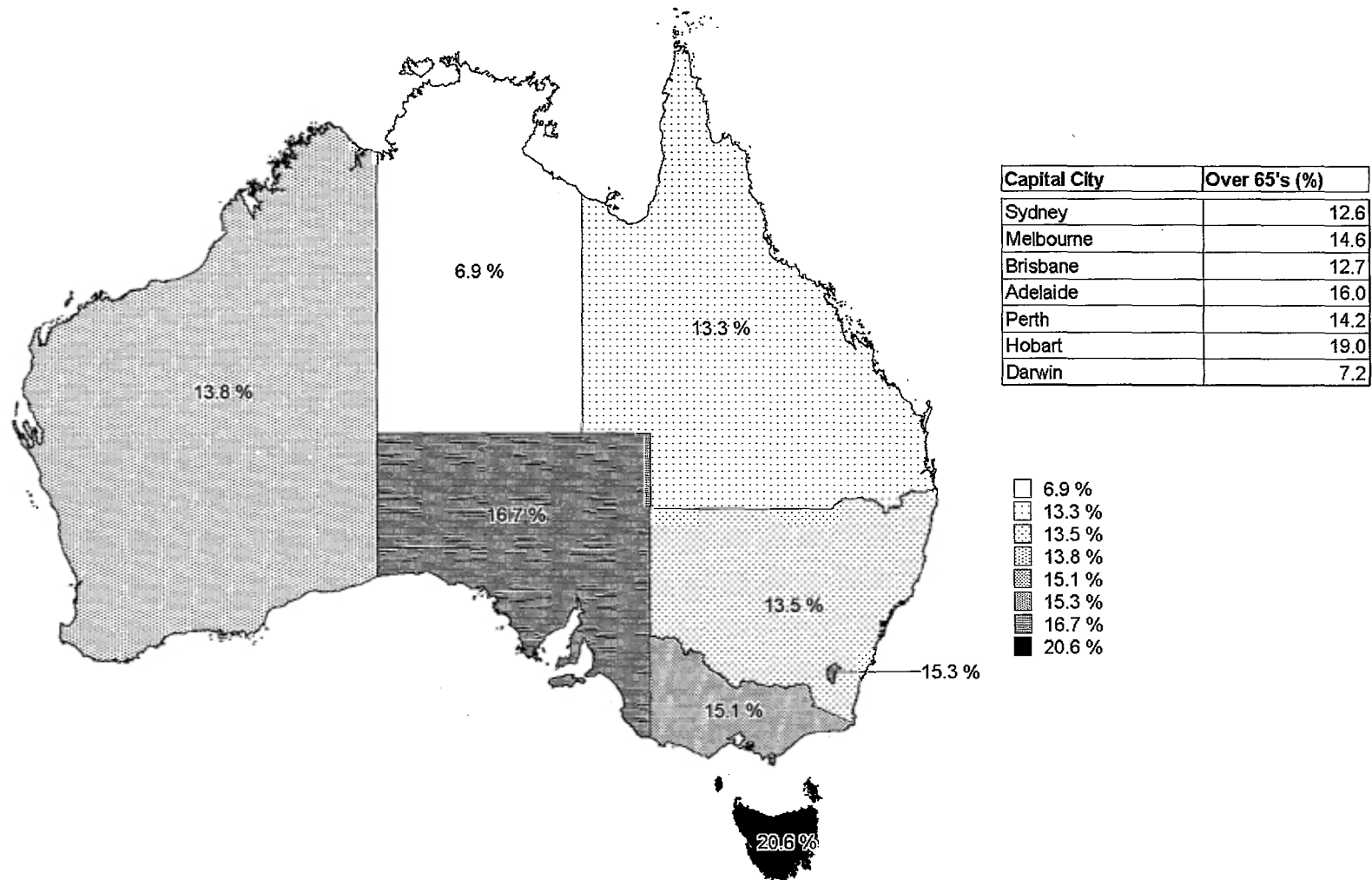
Table 1: Projected 'Oldest' Statistical Local Area^(a) Populations in Australia – 2019

Statistical Local Area	State	Region	Proportion aged 65 years and over	
			1999 %	2019 %
Bribie Island	Qld	Coastal	28.2	36.8
Bilinga	Qld	Coastal	28.6	35.2
Victor Harbor	SA	Coastal	29.0	33.3
Runaway Bay	Qld	Coastal	20.2	32.3
Paradise Point	Qld	Coastal	24.8	32.3
Mornington Peninsula South	Vic	Coastal	16.5	32.0
Strathbogie	Vic	Inland	20.3	31.9
Mannum	SA	Inland	20.2	31.8
Hollywell	Qld	Coastal	20.4	30.8
Barraba	NSW	Inland	21.5	30.6
Redcliffe Scarborough	Qld	Coastal	21.9	30.4
Hindmarsh	Vic	Inland	21.6	30.3
Brighton	SA	Coastal/Metropolitan	20.1	30.3
Bass Coast Balance	Vic	Coastal	21.9	30.2
Sandgate	Qld	Coastal/Metropolitan	24.6	30.1
Great Lakes	NSW	Coastal	24.8	30.1
Fisher	ACT	Metropolitan	12.6	30.1
Mount Gravatt	Qld	Metropolitan	20.5	30.1
Total Australia			12.2	17.6

(a) Uses 1996 Statistical Local Area boundaries and excludes Statistical Local Areas with fewer than 1000 people.
Source: ABS 'Australian Social Trends 2002'

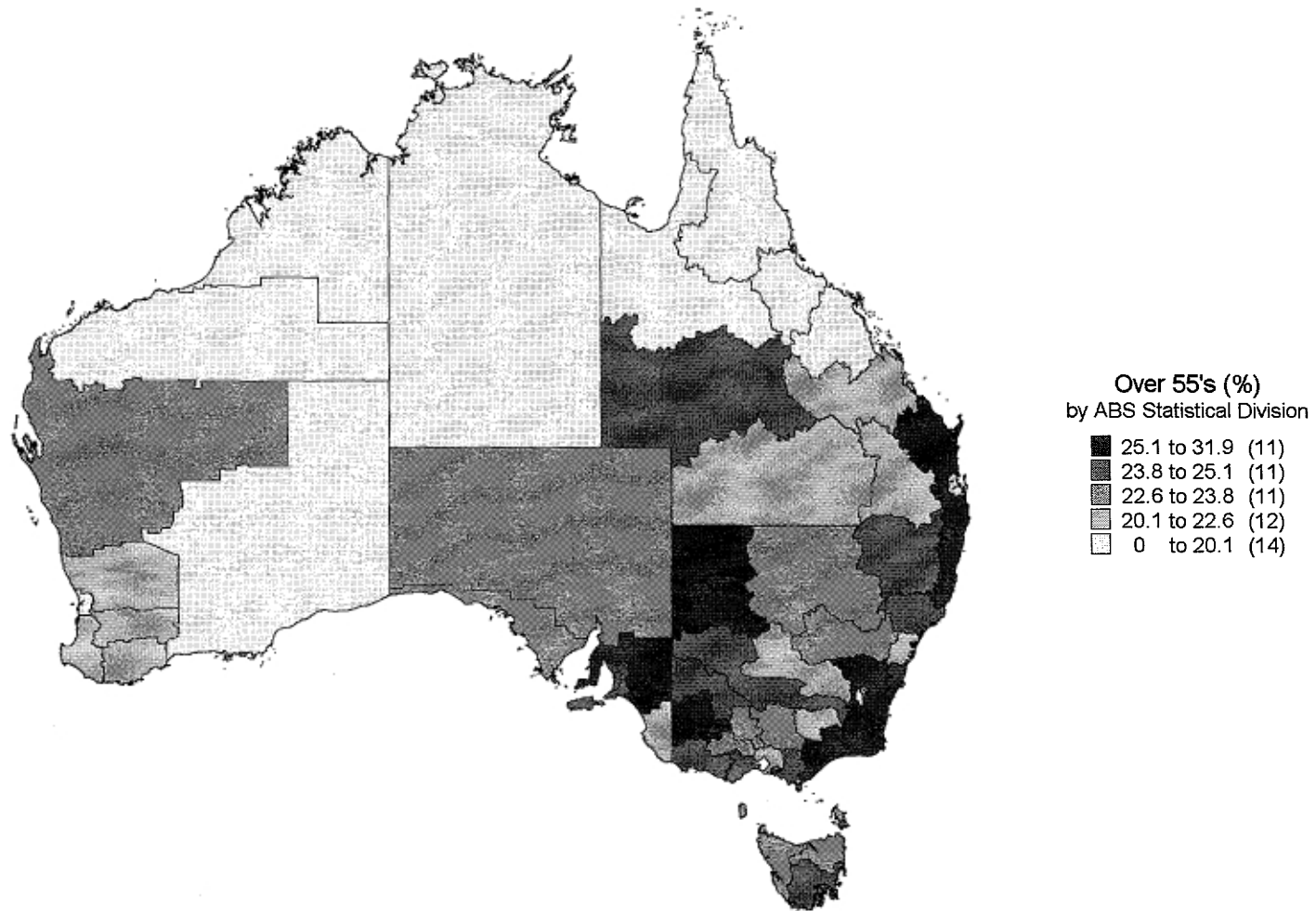
To provide a sense of population ageing on a regional basis, Figure 2 shows the proportion of the population aged over 55 by statistical division at the time of the 2001 Census.

Figure 1: Growth in the proportion of the population over age 65 – 1999-2051 by capital city and balance of state



Source: ABS Population Projections 1999 to 2101 (3222.0), 2000, Series II

Figure 2: Proportion of population aged 55 and over, by ABS Statistical Division, 2001



Source: ABS Census of Population and Housing (2015.0), 2001

3.2 CENTRELINK OUTREACH – FINANCIAL INFORMATION SERVICE (FIS)

The Financial Information Service (FIS) provides a service to those people in receipt of income support payments and those who are still in the workforce and not receiving any Centrelink payments. They assist people through phone calls, interviews, outreach and seminars. There are currently 120 FIS officers nationally.

Predominantly, FIS officers see customers via interviews and outreach. The outreach program seeks to inform people about social security policy, administration and procedures. The FIS officer role is to assist these people to maximise their total income [private, superannuation and pension] and ensure they are aware of the financial impact and legal consequences of their decisions. This may in part be about social security payments but can be about taxation, health issues, aged care or general welfare. Where the issues are not those which Centrelink or FIS have responsibility, the person is referred to the appropriate agency.

Over 60% of people who attend FIS seminars are wage earners under the age of 55. This is the group we are seeking to influence in terms of attitudinal change about savings, investment and superannuation. The focus is on ensuring understanding of the significant gains for them personally if they have access to many sources of income, by the time they retire. This will maximise their overall wealth which in turn can provide them with a wider range of lifestyle options.

FIS aims to provide free, independent and expert information in a friendly environment; participants are better equipped to:

- Recognise and pursue their financial options;
- Make better financial decisions;
- Understand investment products and how they work;
- Approach/undertake their own financial planning;
- Recognise that housing/accommodation needs are a fundamental component of retirement planning;
- Understand Taxation provisions and requirements; and
- Understand Social Security payments and provisions.

Every year FIS is also involved in the implementation of key budget initiatives and conducts seminars and other information sessions for the community and industry about these policy changes.

Another FIS seminar focus is to assist people who are about to be or who have been retrenched. FIS officers assist by providing information on payouts, superannuation, taxation and Centrelink payments and services.

FIS officers also get involved with retrenched workers to rebuild their lives and work towards their future. In these instances FIS officers talk about financial issues, goal setting and financial planning. They encourage people to explore options relating to short, medium and long term needs for themselves and their families, and the consequences of those choices.

Both FaCS and Centrelink monitor the FIS service qualitatively by regular independent market research. There have been various market research mediums used. The most recent in June 2002 yielded a satisfaction level of 93% - this high level of satisfaction has been a significant trend over the last 10 years.

3.3 FUNDING OF VOLUNTEERING ORGANISATIONS

Australian Bureau of Statistics Definition of a Volunteer

A volunteer is someone who willingly gave unpaid help, in the form of time, service or skills, through an organisation or group.

Summary of Voluntary Work Statistics

The estimated number of volunteers aged 18 years and over in 2000 was **4.4 million** representing **32%** of the population of the same age. In 1995 the estimated 3.2 million volunteers represented 24% of the population. Growth rates occurred for both sexes and across all age groups, but particularly the 18-24 (increased from 17% to 27%) and 55-64 (up from 24% to 33%) years groups.

Voluntary Work Hours

In 2000, volunteers contributed 704.1 million hours of voluntary work, an increase on the 1995 figure of 511.7. However, the median weekly hours of voluntary work remained stable at 1.4 or about 72 hours per year. While the rate of volunteering peaked in the 35-44 years age group (40%), the median hours worked by volunteers tended to increase steadily with age to peak at ages 65-74 years where the median hours were 2.5 per week. This correlates with the decrease in family and paid work commitments with advancing age.

Volunteering Participation Rate (1995 – 2000 Comparison)

The participation rate amongst those aged 55 and over rose from 763,300 in 1995 to 1,073,600 in 2000.

The following table compares the volunteer rate (expressed as a % of the total population in the same group) for three age categories between the 1995 and 2000 Voluntary Work Surveys:

Age Group (years)	1995	2000
55-65	23.8%	32.5%
65-74	23%	30.3%
75 and over	14.9%	17.8%

Metropolitan/Ex-Metropolitan split

The volunteer rate was 28% for capital cities compared to 38% outside the capital cities.

Gender comparison

Volunteer rates among the older age groups were marginally higher for men than for women.

Age Group (years)	55-64	65-74	75 and over
Males	33	31.1	18.8
Females	31.9	29.5	17.1

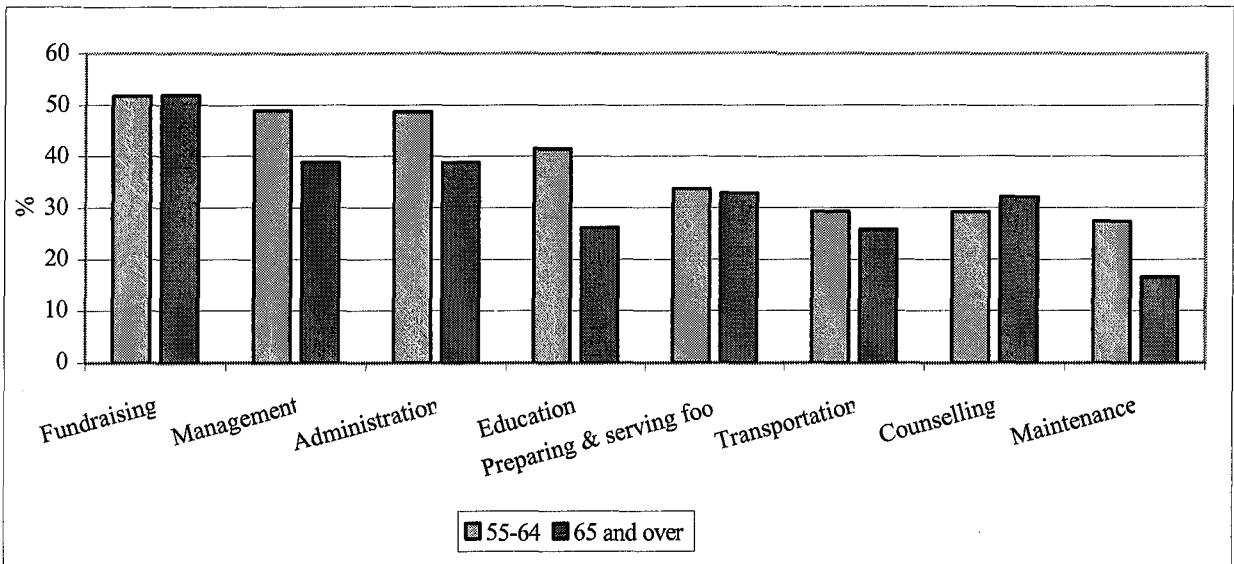
Type of Organisation

Those aged 55 and over predominantly volunteer in community/welfare type organisations (over 50%), followed by religious and then sport/recreation type organisations.

Type of Activity

As indicated in the graph below, the majority of volunteers 55 and over chose fundraising, management and administrative tasks as their preferred voluntary activity.

Figure 1: Type of Voluntary Activity



Source for all data: Voluntary Work, 2000 (ABS Cat. No. 4441.0)

FaCS Programs which support Volunteers

Australians Working Together (AWT)/Voluntary Work Initiative (VWI)

The AWT Package provides \$4.9m over four years to build the capacity of voluntary organisations to accommodate the expected increase in voluntary/community work opportunities for people on income support. This will include extending and refocussing the existing VWI program (\$2.202 million 02/03), which currently places, through an Australia wide network of matching and referral services, 20,000 income support customers in 2001/02, many of which are 50 and over.

The Mature Age measure under AWT will introduce working age people from 50 years to Age Pension age who receive income support payments to a new participation framework. Voluntary work will be one means by which this target group can meet their activity requirements.

General Volunteering Programs¹³

Stronger Families and Communities Strategy (SFCS)

The SFCS was announced in April 2000 and includes funding of \$240m over four years for a range of initiatives that support family and community strengthening and capacity building. It recognises that strong communities have strong leadership, skills and knowledge, partnerships between public and private sectors and committed volunteers. The Strategy encourages local communities, businesses, community organisations, individuals and all levels of government to work together in genuine partnerships to develop practical and innovative community projects from the ground up.

National Skills for Volunteers

The National Skills Development for Volunteers program is part of the Stronger Families and Communities Strategy and is for the provision of general and specialist training and skills development to volunteers that will improve the standard of service to the communities those volunteers support. The program has administered funds of around \$6.5m over 4 years (\$1.5m in 2002/03).

International Year of Volunteers 2001

The objectives of the Year were to celebrate, recognise and support volunteers.

There were two grant programs for community organisations to help support volunteers at a cost of \$12.9 million.

Retirees were a high priority target group of the Year with communication campaigns aimed at highlighting the benefits to the aged becoming involved in volunteering.

Volunteer Management Program (VMP)

The VMP receives approximately \$1.61 million annually to fund 26 Volunteer Referral Centres nationally (including 18 regional agencies) to provide volunteer matching and referral services throughout Australia to the general public. Over 21,000 referrals were made during 01/02.

Volunteer Small Equipment Grants 2003 (new)

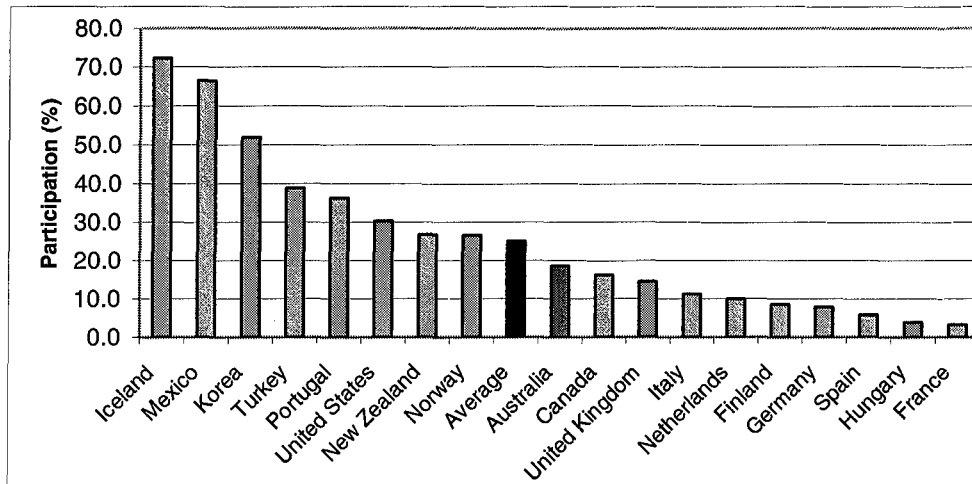
Funded through the Stronger Families and Communities Strategy (SFCS), \$3 million will be provided for Volunteer Small Equipment Grants 2003 to help volunteers in Australia's community organisations carry on with their vital work. This funding is expected to make over 1000 grants of up to \$5,000 available to community organisations. Many of the projects by the SFCS support volunteering.

¹³ Targeted at strengthening community volunteering, not specifically at seniors, but many over 50s are supported by these programs

4. ATTACHMENTS

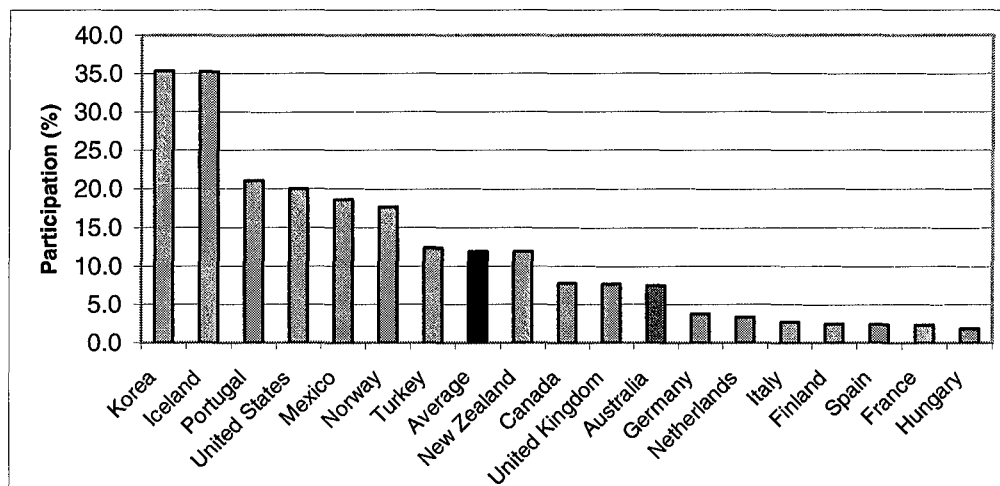
Attachment A – OECD comparison of participation rates

Figure 3: Labour force participation, 65-69, males, 2001



Source: OECD Online Statistics Database, Labour Force Statistics - Indicators (available at www.oecd.org)

Figure 4: Labour force participation, 65-69, females, 2001



Source: OECD Online Statistics Database, Labour Force Statistics - Indicators (available at www.oecd.org)