

## SUBMISSION

**From:** The Australasian Centre on Ageing

**To:** House of Representatives Employment and Workplace Relations Committee

**Background:** This submission relates to the inquiry by the House of Representatives Employment and Workplace Relations Committee on the need to increase participation in paid work in Australia. Areas of particular interest in the inquiry are the impact that the ageing population will have on future economic growth and the intergenerational issues raised thereby.

The Australasian Centre on Ageing ([www.uq.edu.au/aca](http://www.uq.edu.au/aca)) was established in 2001 with the support of the Queensland Department of Families (Seniors Interests Unit) and the University of Queensland. The Mission of the Centre is to increase understanding and knowledge about ageing, improve the practice of gerontology, and influence public policy at both the state and national level. This multidisciplinary centre undertakes a wide range of ageing-related research and education in priority areas, with a strong focus on community engagement and consultation.

Consistent with our Mission, this submission will therefore consider issues related to older workers, in the context of the enquiry Terms of Reference, i.e. consideration of:

- measures that can be implemented to increase the level of participation in paid work in Australia; and
- how a balance of assistance, incentives and obligations can increase participation for income support recipients.

The basic premise on which this submission is based is that the aim must be to make paid work attractive to older people, to ensure that they have choices so that paid work is a viable option, not an onerous obligation and that in order to facilitate this process there is a need for attitudinal change at the level of society, employers and older people themselves.

### OLDER WORKERS

There are two major challenges in relation to older workers

1. how to retain those workers still in the workforce who may be considering retirement; and

2. how to encourage older people who have retired but are still relatively young and healthy to return to the workplace.

### **Strategies to Retain Older Workers**

In line with the Terms of Reference, strategies to retain older workers can be considered under the three headings of assistance, incentives and obligations.

**Assistance:** To encourage older people to remain in the workforce it will be necessary to focus on skills enhancement, financial certainty and flexibility, as follows:

- Provide tailored, well-designed workplace training, including use of technology, to ensure that the skills of older workers remain up-to-date and appropriate to the needs of the workplace, which in turn gives older people increased options and real choices;
- Make part-time work available without this impacting on superannuation or other retirement income;
- Encourage flexible working arrangements to accommodate the needs of older workers caring for frail or disabled family members. It may also be possible in large organisations to set up a form of day-respite close to the workplace (as happens in some companies now in relation to child care) to enable the older worker access to their family member during the day, should this be necessary;

For both part-time and flexible work arrangements, options would ideally include the time of day, the number of hours and/or the number of days worked per week.

**Incentives:** As life expectancy increases, financial security may become a major issue for people who have not planned for their retirement income to last for an extended period of time. Additionally, a sense of self-worth is often tied to work-related roles. Incentives to retain older workers may therefore include:

- Provision of accurate information to ensure that people have a realistic expectation of how much retirement income they will need to maintain a reasonable standard of living, and how long they will need to continue to work to achieve that. This may involve workplace-based financial counselling.

- Continuation of the provision of a bonus for each year past retirement age that the person stays in the workforce (current government policy).
- Provision of tax incentives so that people above retirement age are taxed at a marginal rate for a higher level of income.
- Recognition and acknowledgement of the skills and both current and past experience of older workers, and work to promote the recognition of that within corporate cultures, including for older workers who choose to work part-time.
- Encourage a mentor relationship between older and younger workers, to engender respect among younger workers for the skills and experience of older workers, to ensure that corporate knowledge is not lost and to provide a valued role for older workers.

**Obligations:** Care must be taken to ensure that any policies targeting older workers do not over-emphasise the issue of obligation, or include punitive measures that would make older people who choose to retire feel guilty for doing so. For older people the issue of mutual obligation is not as clear-cut as for younger people. Many older people have already worked hard and contributed to society for most of their lives, so that the obligation may well exist from society to them and not the other way around. They may have been looking forward to a time when they can take their well-earned retirement. If life circumstances have not allowed them to provide for their own retirement, they have a right to expect community support rather than being made to feel that they are under an obligation if they receive a pension. However, it is probable that many people in the older generations would be prepared to spend an agreed number of hours per week in the paid workforce (perhaps to be averaged across a year to allow for extended vacation time or to meet extended caring commitments) if it could be clearly demonstrated to them that the community would otherwise experience great difficulty, financially and/or in not having staff to fill essential positions. This would require both community education and transparency of funding allocations.

### **Strategies to Encourage Older People to Return to the Workplace:**

Strategies to encourage older people to return to the workplace need to be aimed in two directions: the first is in changing attitudes in the workplace and in the broader community; the second is identifying what might motivate an older person to want to return to the workplace.

1. **Changing attitudes:** Studies in Australia (Steinberg et al, 1994) and overseas (BBC News, 2003) have found that a major impediment to workforce participation by older people is negative community attitudes. These may exist in relation to:
  - employers and other workers, who assume that an older person cannot perform the required tasks, without providing the applicant with an opportunity to demonstrate his/her (existing or potential) skills; and
  - the wider community, where, until recently, older people who (voluntarily or otherwise) retired from the workforce were often made to feel guilty if they wanted to return to work, as they were seen to be taking a job that a younger person needed. (A recognition of the impending dearth of younger workers is slowly entering the community's collective consciousness, but there is more work to do in this area).
  - employment services, which have been accused of "screening out" older applicants without even sending them for interviews. (Note however, that a number of recruitment companies reject this assertion and claim that they refer candidates according to a given set of selection criteria from the companies).

In relation to the latter point, we submit that it is unhelpful to pit such groups against each other and that government has a major role to play in encouraging such groups to work together to address negative stereotypes and negative attitudes.

It is also important to address negative attitudes held by older people themselves, who may have "taken on" society's attitudes and believe that they are "too old" to work.

Education of the general community, and in particular, employment services, human resources managers (in larger companies) or owners (in small companies), is required to dispel negative myths about the capacity of older people to contribute to the workplace, and/or that an older working person is depriving a younger person of work.

As research has shown that many employers and employees consider someone to be "an older worker" as early as age 45 (Steinberg et al, 1994), it will also be necessary to monitor who is offered early retirement packages, or is made redundant when a company down-sizes.

It is often necessary for government to lead the way in changing attitudes and this has become apparent in relation to older workers in Australia. Until recently, older people were encouraged

to retire early, allowing younger people to take those positions; government employment and financial support policies reflected this attitude. Whether intended or otherwise, one outcome of this was a positive impact on unemployment figures, as the older workers would often not register for further employment. New policies, such as the bonus referred to above, are now being directed at retaining older workers in the workforce. However, the union movement is watching this situation very closely to ensure that people are not prevented from retiring by restricting access to their superannuation and other benefits (Walker J, Courier Mail, 9/8/03). In particular, care must be taken in relation to any proposals to increase the age at which a person is eligible for an age pension. If this occurs there is a danger that those who will suffer most will be older workers in poorly paid and unsatisfying jobs, as they are also less likely to have superannuation at a high enough level to give them the option of early retirement and of supporting themselves until they reach pensionable age.

Governments internationally are now dealing with workplace age discrimination. New proposals in the UK for tackling age discrimination, which stem from a European Union directive, are “designed to outlaw ageist advertising and workplace practices” (BBC News, 7/3/2003). While age discrimination has been described as the last bastion of discrimination, it is more difficult than other forms of discrimination to define and monitor.

Major companies can also take a proactive role in dealing with these issues. For example, “In an effort to maintain the knowledge and experience of their workforce, Ford in the UK contracts out work to Ford professionals who have retired. This allows those professionals to enter semi-retirement, while Ford taps into the skills and experience of those workers that would otherwise have been lost” (JobsEast, 1999, cited in Population Ageing and The Economy, Access Economics, 2001).

In Australia, a number of organisations are recognising older workers as an opportunity. For example, “Westpac Bank examined its financial services and came to the conclusion that customers who need financial and investment advice, mostly older people, were more likely to respond to people of their own age” (Walker J, Courier Mail, 9/8/03:27). A law firm in Brisbane recently employed a 78-year old female solicitor to work with their older clients.

**Assistance:** As outlined above, government can assist with changing attitudes by providing community education, by ensuring their own work practices are not discriminatory and by monitoring work practices generally to eliminate discriminatory practices. A useful strategy may also be to highlight cases of older people who have successfully returned to the workforce, perhaps learning from their experiences of what enhanced or impeded that return.

2. **Motivation to return to the paid workforce:** Many older people contribute significantly to the community through voluntary work with family, community and non-government organisations. Individual characteristics will impact to some extent on their willingness, and/or capacity, to return to the paid workforce. These include:

- health and functional capacity;
- feelings of self-efficacy (some older people who have been out of the workforce for a number of years doubt their own ability to deal with current requirements, including new technology);
- current and potential future financial situation;
- in some cases, work exhaustion (e.g., many people who are now in their late 60's or 70's started work at age 14 and have been working for more than 50 years, often in physically demanding – and poorly remunerated – areas of employment); and
- related to the last point, work motivation (if someone has worked for a long time in an unrewarding job, has looked forward to retirement and has sufficient income to make that a reality, it is highly unlikely that they will be easily convinced to return to the workplace, and such choices must be respected).

For those older people who are physically and mentally capable, and who would consider returning to the paid workforce, it is important to explore, with well-targeted research, what the motivating factors would be for that to occur.

**Assistance and Incentives:** For this group of people, assistance and incentives would be similar to those required for retaining older workers but would need to be more targeted. For example, older people's clubs and other community organisations could be contracted to provide financial counselling and skills retraining, and older people who have left work to care for another person could have that care recognised as at least equivalent to the hours spent by others in the paid

workforce. In addition, for those who have been out of the paid workforce for any length of time, additional support may be needed to engender the confidence to return to a workplace which may have changed considerably in the interim.

It is important to note that, in relation to both retaining and re-recruiting older workers, there are some occupations where the physical requirements of the work may have become too demanding but this should not automatically be assumed to be the case. Walker contends that smart strategies will offer older people work opportunities that allow them to grow and develop new skills (Courier Mail, 9/8/03).

In summary, changes are required at the level of the individual, the workplace and the community.

### **Impact of Policy Change**

While policy changes to encourage older people to remain in, or return to, the workforce are to be encouraged both for the benefit of society and to offer increased choice to older people themselves, it is also important to consider what some of the impacts from changes might be. Issues facing countries whose populations are ageing, such as Australia, include the fact that some of our greatest achievements also pose some of our biggest challenges. Because of improvements in public health measures, health care technology and access to treatment, Australians today are living longer than ever before, and the majority will remain reasonably healthy until close to the end of their lives.

However, as people approach the end stage of life, some of them, especially very frail older people, will need additional care. Such care is currently often provided in the community by family members and volunteers, supplemented by community nurses, GPs and allied health therapists. However, if there is pressure on family members both to provide for their own older age and to contribute to society by participating in, and staying longer in, the paid workforce (as outlined in the previous section) this may mean that there are few carers available to provide care in the community. However, current government policy is aimed at encouraging people to "age in place and die in place", with access to residential care increasingly limited. In addition, many older people also currently make a significant contribution to society in an unpaid capacity by

providing care to grandchildren, or to family members with disabilities, as well as providing volunteer service for many organisations and community projects. If these older people return to the paid work force, where will the carers and other volunteers come from who currently help to ensure that our communities are fit places in which to live?

## References

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