

***The Hon Julie Bishop MP***  
***Minister for Ageing***  
***Address to the Economic and Social Outlook Conference***  
***'Keeping Older Workers in Work'***  
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**CHECK AGAINST DELIVERY**

Thank you Kate.

My fellow panel members – Katie Leahy, Professor Disney, Professor Borland  
Ladies and gentlemen

**Introduction**

In 2002, when the Treasurer released the *Intergenerational Report*, the one demographic trend that caught our public imagination was that of our ageing workforce.

We are all aware of the statistics - projections predict that the proportion of workers over age 45 will double within 20 years – and new entrants to our workforce will be only one-tenth the current rate of 170,000 per year.

If Australia is to sustain its economic growth over the coming decades, it will need the productive participation of Australians across all working age cohorts, thus ensuring a viable future labour supply.

With life expectancy today at over 82 years for Australian women, and over 77 years for Australian men, we still have much to offer at what our society continues to regard as 'retirement age' – at age pension age of 60 or 65 – a figure that was set a century ago when life expectancy was 59 and 55 respectively. The average Australian now has an extra third of a life to live!

The paradigm of early retirement is fading, but not fast enough.

Since 1996 the participation rate among older workers aged between 55 and 64 has risen from 45 per cent to about 52 per cent today, primarily because of the greater participation of women in the workforce.

Yet one-third of our workers are over 45 years of age, while 12 per cent are over 55, five per cent are over 60 and only two per cent are over 65.

As the Treasurer has articulated, we are lagging behind in the participation rates of mature age workers when compared with the levels achieved by some of the other better performing OECD countries, such as the Scandinavian countries, the UK, the US and New Zealand.

**Government role**

The impacts of our ageing population will be felt by every family, every business, every community and each level of government.

The Australian Government, and I as the Minister for Ageing, have a clear role to play.

And forgive me for noting in passing, but ours is the only political party that is driving policy debate on, and facing up to, the challenges that will be presented by an ageing population, and ensuring that the current generation does not leave an unmanageable burden on future generations.

The specific policy initiatives this government puts in place to address the effects of ageing, will be built upon the strong platform this government has already delivered in national security, economic strength and social cohesion.

No reform, from addressing intergenerational equity, to delivering long term financial security to the aged care sector, can be delivered without having those fundamentals in place.

And over the past seven and a half years, this Government's efforts in those fundamental agendas, now allow us to look, from a position of strength, at the challenges of our ageing population.

The Australian Government also has a responsibility to understand the values that are important to our community, and to reflect them in our policies.

And as Minister for Ageing, I see it as my role to reflect the values, the priorities and the 'worth' that our nation places on our older Australians, in the policies that are delivered in aged care, and to act as facilitator and advocate in cross-portfolio areas of policy responsibility.

As French social essayist Simone de Beauvoir wrote in her definitive study, *The Coming of Age*:

*"It is the meaning that men attribute to their life, it is their entire system of values that define the meaning and value of old age. The reverse applies: by the way in which a society behaves toward its old people, it uncovers the naked, and often carefully hidden, truth about its real principles and aims".*

One of the great values Australians hold, and one that has been articulated many times before, is our self-reliance.

We consider ourselves probably the most independent people of the world.

I can say that with some conviction, as a Western Australian – ever mindful of that Nullabor divide!

And this attitude is reflected in the way we live – and want to live – our lives.

This can be seen most succinctly in my portfolio responsibility of aged care, where Australians are expressing a desire to live independently at home in their community for as long as possible, before entering residential care – if they must.

The Australian Government has been responsive to the demand through increased funding, and also through innovative policy development, as well as commissioning the Pricing Review and Community Care Review – I anticipate both will help provide the blueprint for the long-term future of the aged care sector.

Since the National Strategy for an Ageing Australia was launched in 2001, the Australian Government has been pooling its corporate knowledge as well as supporting evidence-based research to give Australians greater capacity to deal with the impact of population ageing.

The Treasurer's *Intergenerational Report* may have focused our nation's collective consciousness on the financial impacts of an ageing population.

But this is not only about keeping an eye on future Budget balances.

There are broader socio-economic and cultural concerns.

For example, the Australian Government is funding the National Seniors Productive Ageing Centre in Queensland to look for more consumer-based answers into mature age employment.

And already, the Centre has found that, in a survey of some 3,000 members of the National Seniors Association, of the respondents no longer in the workforce, one in three wanted to return to work, citing financial reasons, keeping active, and wanting to continue to use their expertise, as the main reasons.

These results are complemented by recent market research conducted on behalf of the Australian Government's Office for an Ageing Australia, which found that over 50 per cent of older people surveyed now in retirement would have preferred, in hindsight, to have continued working either full-time (21 per cent), part-time (26 per cent) and/or in a less responsible role (seven per cent).

This recent research also found that of those Australians of all ages currently in paid work, over half said they expected to be working beyond the traditional age of retirement – but most saw themselves doing this on a part-time basis (37 per cent) or in a less responsible role (12 per cent) rather than working full-time (5 per cent).

Clearly the desire is there for greater participation, so what are the barriers to a mature aged workforce?

### **Barriers to mature age employment**

Identifying the links to maintaining and employing mature aged Australians is vital and research is both necessary and illuminating, for future directions for policymakers.

### **Health**

Let me start with health. There is a strong link between a person's health and their decision to remain in the labour force.

The Australian Bureau of Statistics survey of retirement intentions showed that 44 per cent of men and 20 per cent of women aged 50-59 who are retired from full time work, did so for health reasons.

While that is a significant figure, it is important to note that for more than half the retiring male population, and for 80 per cent of women who retire in this age group, health was not the reason.

Illness is a significant cost to individuals, to business and to our community.

But we should not let it overshadow the majority of older Australians who go into retirement healthy and able to continue making an active contribution to society, professionally and personally.

While health can be a reason for not working – is there a reverse effect?

The early retirement paradigm – the ‘seachange’ - used to be synonymous with a personal health dividend.

That is, retire from work, go to the beach, and live a presumably stress-free life. Not so fast.

Evidence from Australia and overseas shows a strong positive link between employment status and the health status of mature age workers.

That is, working can be good for you.

And this link goes beyond physical health.

An individual’s mental health and emotional wellbeing also benefit from the economic and social participation that comes from their employment.

Some research points to the likelihood of increasing longevity the longer you remain in the workforce.

This also implies that health initiatives should be integrated into human resource management practices.

I see that as cutting both ways in terms of responsibility; for the employer to have more mature age friendly workplaces; and for employees to take greater responsibility for their own health as they age.

### **Attitudes**

A second barrier to longevity in the workforce for older workers is a pervasive negative attitude.

Negative attitudes come from both employers and employees.

According to the Council on the Ageing, many older men are choosing to retire early, but for some this is code for being ‘forced out’ of the workforce.

The toughest barriers are often the invisible ones.

Contemporary research in the area points to an “attitudinal mismatch” between what employers are seeking, and what older workers are perceived to be offering.

It seems mature aged workers are perceived as having entrenched bad habits, lacking adaptability and motivation to new workplace technologies and practices, being a riskier investment and being susceptible to deteriorating mental and physical abilities.

This often encourages employers to pay a premium for younger prospective employees, who generally have less experience, require more training and have higher rates of job turnover and absenteeism.

The incongruity of this “attitudinal mismatch” is particularly stark when compared with the positive attributes mature aged workers bring to the workforce.

Mature aged workers are generally highly productive; possess extensive corporate and industry experience and knowledge; demonstrate loyalty to employers and a strong work ethos; have lower turnover rates; and lower absenteeism levels.

Hopefully businesses are starting to recognise, and put in place, a working environment to reflect this.

We should give credit to companies who espouse, and put into practice, ageless workforce role models.

### **Skills and education**

A third barrier to older workforce participation is low skill and training levels.

Skills and educational attainment are strongly positively related to labour force participation.

In the past, employment and labour market programs have focused on younger unemployed, especially youth.

This is despite the fact that it has been acknowledged that older workers face disadvantage in the labour market, and that many older unemployed people previously worked in industries which have undergone restructuring over the past 20 years, and their skills may no longer be relevant.

Given that people aged 45 or 50 still have at least between 15 and 20 years of working life ahead of them, just on today’s thinking, the notion that older workers are not ‘worth’ training is detrimental and discouraging – not just to the individual and the business, but also to our national interest.

Research shows that mature workers can be successfully trained or retrained.

Workers themselves must also take responsibility to seize training opportunities.

Last year my colleague, Dr Brendan Nelson, the Minister for Education, Science and Training, announced the Basic IT Enabling Skills for Older Workers program.

Under the program, people aged 45 and over who receive income support and have no post-school IT qualification are able to undertake nationally recognised training in information technology, paid for by the Australian Government.

There is a clear need to target all age groups within a context of learning throughout life when developing training and education strategies, rather than exclude access to mature age workers.

Career guidance should not just be for school leavers. Apprenticeships should be encouraged across all age groups.

### **Legal**

Fourth, there can be legal barriers to older workers.

The Australian Government is seeking to augment the legal entitlements of older workers against direct and indirect discrimination with the Age Discrimination Bill now before Parliament.

Age discrimination of itself is neither rational nor often recognised.

### **Financial disincentives**

Fifth, non-work sources of income can often influence an individual to consider and choose early retirement.

That is, – income support payments, superannuation, and private savings.

Higher levels of wealth are generally associated with a lower propensity to remain in the workforce. However, for the majority of people who are not working, income support payments are the main source of income.

Taking out both the incentives to leave work and the disincentives to stay in the workforce will require careful consideration of the nation's retirement income strategies.

### **Seachange**

We've heard a lot in this debate on staying in the workforce longer, of the national economic need for increasing participation from the older age cohorts.

But do Australians *want* to keep working longer, and will they respond to the call to do so for the good of the nation? And if so will it be by choice or necessity?

Our current older generation pose these questions;

- having worked hard, bringing up their families, and paid taxes all their lives; and having contributed to the community the whole time, and with the understanding that they can stop after 30 or 40 years and be looked after by the society they have worked so hard for, aren't they entitled to some R and R in return in their retirement?
- given we are regularly bombarded with media reports and comments and reviews that Australians are working longer, and harder, and in more stressful jobs, with less time for their families, why would anyone want to keep working longer than normal retirement age?

Earlier I mentioned the 'seachange' aspirants – those who want to retire anywhere between 35 and 55, get 'out of the rat race', off the treadmill and presumably, live a better, healthier, quality of life.

We need to motivate people to participate in work as they get older, not, I believe, just for the good of the national economy, but also for their own benefit. What is in it for them?

I have already mentioned the research linking work to good health.

There is also a strong financial self-interest in working while we are older.

For instance, the 1999 retirement income research by Fitzgerald & Rooney indicated that:

- A retiring male at 58 years of age drawing down \$30,000 per annum (ie. 60 per cent of his final salary) will deplete his superannuation by the age of 72;
- By postponing for five years, his superannuation will last until he's 95.

This underscores the need – and older Australians' desire – for financial independence.

The Australian Government has already introduced a number of measures to help encourage people to postpone retirement, including the Age Pension Bonus Scheme.

Eg. A single person eligible for the maximum rate of Age Pension who postpones retirement for five years can receive a bonus payment of more than \$27,000.

Clearly, a whole of government approach is emerging and I am confident this will continue to crystallise over the life of this Government.

## **Conclusion**

In a nation of individuals who demand, and rightly so, the ability to control their own working lives, we must appeal to more than just people's sense of duty to encourage greater workforce participation amongst older age groups.

Obviously I am not assuming that working longer will be an option or even beneficial for every Australian as they age.

But it is important that we encourage those who can and who are willing to do so, not only for themselves and their families, but also to offset the burden on future generations that a labour supply shortage would bring.

And it is not just the current generation of nearly-retired that we should be targeting.

We are beginning to successfully educate young people that what they do in earlier decades of their lives determines their health, well-being and level of income when they are older.

We must start factoring in a whole of life approach to work, to encourage young people now to consider working beyond current retirement age, whether that is in full-time or part-time work, or work with less or different responsibility.

Clearly, bringing together the various areas of research, education and information about our ageing population will be a vital part in helping our nation prepare for the way ahead.

A National Symposium on Ageing Research held recently explored the issues around building evidence on ageing and having it taken up in policy development and practice.

And the Office for an Ageing Australia and the Australian Institute of Health and Welfare, have collaborated on an Australian Government-funded project – Building Ageing Research Capacity, which aims to develop and encourage maximum collaboration between Australian researchers on ageing in order to improve the quality and quantity of evidence available to support ageing policy.

In addition the Ageing Research Online website, funded by the Australian Government, provides another opportunity to facilitate greater networking and collaborative ventures.

The website provides an interactive web-based directory of ageing-related research projects, education courses and grants and awards.

This Conference, drawing together the vast range of experience, knowledge and research of Speakers from whom you have heard over the past two days, will further add to our understanding of ways to respond to the challenges we face.

Given that we expect to live longer, healthier, more independent lives, we need to ensure that people's expectations include at least the choice of working longer.

If we are to have opportunities and choice about our work, our leisure, our lifestyle, and our finances, we must embrace change.

And that means policymakers, workers, employers, carers, parents, volunteers, young and old – whatever we define 'old' to mean!

Thank you.

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