

Realising the Potential of
Mature Age People
Through Social and Economic Participation

Pursuing Opportunity & Prosperity Conference

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Changing Demographics *International*



- Current World population 6.3 billion to grow to 7.8 billion by 2025
(Population Reference Bureau 2002)
- Using conservative estimates the OECD argues that the ratio of people over the age of 65 to those between 20-64 years in OECD member countries could double by the middle of the century *(OECD - 2003)*
- This poses challenges for Government budgets and income support systems of those OECD countries including Australia



Changing Demographics Australia



- ABS estimates that Australia's population will reach 20 million on the 4th December 2003 *(ABS 11/5/03)*
- The Australian population is ageing i.e. the proportion of people over 65 years to those aged 15-64 years is increasing *(ABS 2002a)*
- The proportion of the population aged 55-70 years will increase from 20% to 30% by 2041 *(ABS 2003)*
- Structural ageing of the population caused by -
 - falling birth rates
 - improved life expectancy
 - large "baby boomer" cohort moving towards retirement



Changing Demographics

Ageing population in Australia in 2001, 2011 and 2021

<i>Year</i>	<i>2001</i>	<i>2011</i>	<i>2021</i>
65 yrs and over	2 403 100	3 036 000	4 220 400
Total Population	19 421 300	21 288 800	22 926 400
% Population	12.3%	14.2%	18.4%

ABS 2003, Population aged 65 and over 2001, 2011 and 2121



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Impact on Labour Market Australia

- Over the next 10 years, the growth rate of the “working age population” will not match the projected growth in the Australian economy
- This may lead to labour shortages in some industries eg. in NSW it is estimated that within 5 years there will be a significant impact due to retirement of secondary teachers in the public education system *(NSW Government 2002)*
- Mature age workers (over 55 years) have the lowest level of all age groups on labour market participation (from 13.2% in 1971 to 11.5% in 2001) *(ABS Census of Population & Housing 2001) (ABS 2003)*
- Mature age workers are more likely to be discouraged in job search *(ABS 2003)*



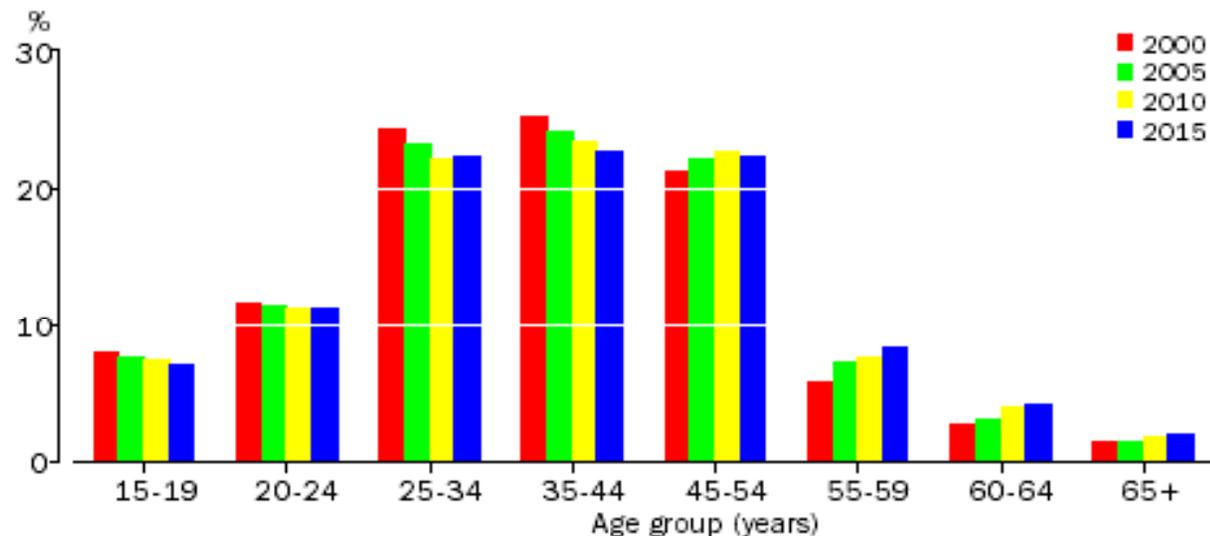
Impact on Labour Market Australia

Labour Market participation by age in Australia to 2015

Graph depicts the age profile of working population undergoing shift towards a greater proportion of older workers and a relative scarcity of new entrants.

The slowing of the growth rate and increasing age profile is expected to characterise the Australian labour force up until 2015 (ABS, 2003)

GRAPH 2 - PROJECTED CIVILIAN LABOUR FORCE 2000-2015



Source: Projections of the civilian labour force by age and sex, 1999-2016



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Impact on Income Support System

- In 1968 the average retirement age was 65 with life expectancy continuing 13 years *(NSW Committee on the Ageing 2001)*
- In 2001 the average retirement age was 55 with life expectancy continuing 26 years *(NSW Committee on the Ageing 2001)*
- Income support expenditure for the 55 plus age group was 6.8% of GDP in 2001 and projected to grow to 7.4% in 2041 *(FaCS 2003)*
- Early exit from labour market by mature age workers increases demand on income support system and reduces tax revenue *(Mission Australia 2000)*



Current Australian Responses

Labour Market:

- ❖ *Active Participation Model* - Customised Assistance
- ❖ *Transition to Work* (DEWR) – Skills parents, carers and mature age people for the workforce. Mission Australia assists 2,300 people each year to return to paid work.
- ❖ *Basic IT Enabling Skills (BITES)* (DEWR) – Provision of IT training to people aged 45 and over who receive income support payments and have no post school qualifications in IT. Mission Australia assists 2,500 people of mature age each year to develop IT and computing skills.



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Current Australian Responses

- ❖ *Mature Age Workers Program (NSW/DET)* – Assists mature age workers with job search skills, training courses, work placements in order to re-enter the workforce. Last year MA assisted over 500 individuals.
- ❖ *New Enterprise Incentive Scheme (NEIS) (DEWR)* - Assists mature age workers to establish their own small businesses through training in marketing, finance, administration, business planning and mentoring. Last year MA assisted in setting up 750 businesses.

Corporate initiatives:

- ❖ Westpac targeting recruitment of 900 mature age workers over 3 years to match their customer profile
- ❖ Australia Post - Communication Program:
 - to overcome age stereotypes
 - encourage staff to embrace life long learning
 - offer incentives to remain in the workforce longer



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Current Australian Responses

Income Support System

- Australians Working Together (AWT) Act:
 - Training and Working Credits
 - Personal Support Program
 - Personal Support Advisors
 - Literacy and numeracy programs



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The Way Forward

Practical Steps

Labour Market:

- Provide a specialist stream for mature age workers to access customised assistance
- Broaden the eligibility for NEIS to mature age individuals by changing the Newstart Allowance requirement
- Increase funded places for mature age programs eg *TTW*, *BITES* and *MWP*



The Way Forward

Practical Steps

Corporate and Community:

- Encourage employers to provide more flexible working arrangements for mature age people *eg. part time, casual, job share*
- Facilitate greater recognition by employers of the value of mature age workers as a solution to labour market shortages and to benefit from their values, experience and skills
- Develop programs that enhance social participation among mature age through training, volunteering and mentoring
- Encourage and enhance opportunities for lifelong participation



The Way Forward

Practical Steps

Income Support System:

- Simpler income support system to streamline transitions from income support to employment
- Three part modular system of payments comprising:
 - base payment
 - participation supplement
 - needs based add-on payments



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Concluding Comments



- The combination of early retirement, industry restructure and long term unemployment among mature age workers results in a pool of “untapped resources” whose potential is not being realised (*Older Australians At A Glance*)
- It will require the commitment and participation of governments, business and community eg. the Prime Minister’s *Community Business Partnership*
- There are some practical things we can do already
- Our focus should be on social and economic participation for mature age people

