

Australian Human Rights Commission: *Willing to Work* National Inquiry

Submission by Per Capita
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Mature-Age Employment

Longer lives are the most positive development in the last century of human history. They represent the product of greater prosperity, better diet, disease eradication and healthier lifestyles. They offer each of us, on average, 25 extra years of high quality living with new opportunities for productive work, unprecedented leisure, teaching and learning, and fulfilling relationships with family and friends.

Too often, longer lives are represented in the media or treated by policymakers as a negative. We talk about the costs and burdens of ageing, rather than the social and economic benefits of these additional years.

We welcome the Australian Human Rights Commission's efforts to address the obstacles faced by older Australians actively participating in the workforce through the national *Willing to Work* inquiry. **Below we make two specific recommendations that we believe are crucial for ensuring older Australians can fully participate in the workplace.**

The challenge facing us is not our ageing population, but the need to create policies that embrace the social and economic potential of longer lives. Healthy and active ageing presents us with great opportunities for older Australians to keep participating in the workforce and the community for longer.

Mature-Age Employment in Australia

Mature-age employment in Australia has been increasing since the turn of the century, with the proportion of people aged 60-64 years in employment rising from 32 per cent in 2000 to 54 per cent in 2014. These increases have resulted from a number of factors:

- changes in people's lives including later commencement of work, improved education and better health
- allowing people aged 60+ to receive an income from their superannuation while also receiving paid income
- incentives for employers to hire older workers, such as the Restart Wage subsidy which pays an employer \$10,000 for hiring a person aged 50 years and over
- the female pension age rising progressively from age 60 in 1994 to age 65 in 2013, combined with higher proportion of women in the workforce
- inducements to work until age 70 such as the Pension Bonus Scheme.

Yet despite these improvements over the last decade and a half, at just 58.9 per cent, Australia has relatively low levels of mature age employment when compared to many other OECD countries, including the USA, UK, Canada and New Zealand. This needs to be addressed. Its implications are obvious as spelt out in the Australian Treasury's Intergenerational Reports:

“Older people are projected to continue to have lower labour market attachment than people of prime working age (25 to 54 years). This is particularly the case for people aged more than 65 years. As the number of aged people increases, their lower rates of participation are projected to pull down the total labour force participation rate from 65.1 per cent in 2009–10 to 60.6 per cent by 2049–50. That is, the impact of ageing on participation is expected to outweigh an improvement in the working-age participation rate for people aged 15 to 64 years from 76.2 per cent in 2009–10 to 79.7 per cent by 2049–50.”

The ageing of the population presents numerous opportunities for employers to benefit from the skills, knowledge and mentoring abilities of older Australians. The benefits of raising participation rates for older workers would accrue to the whole population through increasing revenues, decreasing expenditures and providing people with extra years of savings, investments and superannuation to help prepare for their retirement from paid work. For these reasons, increasing mature age employment participation was identified as a major public policy priority in the Intergenerational Report 2010

Mature Age Employment – The Barriers

Many barriers remain for older Australians who wish to remain in or re-enter the workforce.

In its August 2012 report *Barriers to Mature Age Employment: Final Report of the Consultative Forum on Mature Age Participation*, National Seniors Australia listed 14 such barriers, including:

- discrimination in employment on the basis of age
- significant care-giving responsibilities
- lack of available flexible work arrangements
- discrimination in recruitment practices
- insufficient job search skills
- lack of appropriate skills due to rapid technological innovation
- physical illness, injury and disabilities
- superannuation rules
- disincentives in the tax and transfer system
- poor quality workplaces unsuitable to older workers.

To these we can add other reasons for low participation rates by older Australians, such as:

- *Higher rates of long-term unemployment:*
On average, unemployed people aged 55+ last worked in a full-time job 67 weeks ago, compared with 38 weeks for people aged 15-54.
- *The fact that there is no workers' compensation insurance for people aged over 65:*
In all Australian states except in Western Australian and Queensland. Many people over the age of 65 years face difficulties finding employment because workers compensation is not paid at these ages in most states.

- *Age discrimination based on false stereotypes:*
In its August 2013 report *Fact or Fiction? Stereotypes of Older Australians*, the Australian Human Rights Commission found that significant numbers of businesses had cut-off age rates for hiring (an average age of 50), believed that older workers were less likely to be promoted, had difficulty adapting to change and were harder to retrain. Another report, *Age Discrimination in the Labour Market: Experiences and Perceptions of Mature Age Australians*, by National Seniors Australia found that 16 per cent of people in the labour market have been directly told they are too old for a job, 36 per cent of job seekers have experienced age-related discrimination in the form of exclusion during the job search process, and another 13 per cent had reported age-related exclusion in the workplace.

Mature Age Employment - Our Recommendations

In order to increase the number mature-age workers in Australian, improvements need to be made to their employment prospects, including:

- making it easier to return to work after illness and injury
- providing health and wellbeing programs
- reducing or eliminating discrimination
- ensuring flexible working hours to accommodate caring responsibilities
- maintaining skills currency through training and reskilling programs and by investing in retraining

We believe the following recommendations address the most important and urgent issues.

1. Reskilling of mature workers

- **Development of a specialist investment package by the Departments of Employment and Education and Vocational Education and Training (VET) providers, especially TAFE colleges, for reskilling and workplace transitions for the over 50s**

We recommend the establishment of a Mid-Career Training Bursary to be available to over 50s workers for ongoing development of their skills and employability. The package would offer an annual credit of \$1,000 redeemable for approved post-secondary training through TAFE or university providers.

The credit would accrue over a period of three years, but will reset at the end of each three-year period. In addition, workers would be able to draw on a matching tax credit of up to \$1,000 each year for each dollar of their own money they invest in further training by certified providers.

This program would be jointly developed by the Departments of Employment and Education and TAFE industry associations in each state. It would sign up partner employers who will receive a payroll tax credit for each unemployed over 50s worker they hire.

2. Uniform workers' compensation for the over-65s

- **Reform workers' compensation schemes to allow uniform coverage for the over 65s, as the lack of adequate insurance cover is the greatest barrier to mature workers remaining in the workforce**

In each State and Territory, the statutory workers' compensation scheme should be expanded to provide automatic workplace injury insurance for workers aged over 65.

There is little conclusive evidence to suggest older workers are a greater accident or injury risk in the workplace. The ABS Work Related Injuries report found that people aged 65 years and over recorded the lowest rate of work-related injuries and illnesses of all age groups with 30 per 1,000 people (28 per 1,000 men and 34 per 1,000 women).

WorkCover South Australia has conducted research which supports the findings of the ABS. It found that in South Australia (with its older population) it is not necessarily the person's chronological age that predisposes them to injury at work but their prolonged exposure to health and safety risk factors over time. The Australian Public Service Commission has suggested that one reason for this is that older workers are more likely to be aware of safety in the workplace and, therefore, are less likely to have an accident.

Given the misconception that older people pose a higher risk of workplace injury, we consider that the case for workers' compensation being extended to cover the over 65s is strong.

About Per Capita

Per Capita is an independent progressive think tank dedicated to building a new vision for Australia based on fairness, prosperity, community and social justice.

Per Capita's research is rigorous, evidence-based, and long-term in its outlook, considering the national challenges of the next decade rather than the next election cycle. We ask fresh questions and offer fresh answers, drawing on new thinking in science, economics and public policy. Our audience is the interested public, not just experts and practitioners. We engage all Australians who are keen to see the hard thinking done on the country's future.

The initiative was born in 2005 when a group of individuals came together concerned about the quality of debate and leadership in the Australian political landscape, and decided to establish a think tank to present the economic and moral cases for progressive policy reform in Australia. A scoping study was undertaken by author and speechwriter Dennis Glover, and Per Capita was launched in April 2007 with Evan Thornley as the founding Chairman and David Hetherington as the founding Executive Director.