

ECONOMIC IMPLICATIONS OF AN AGEING AUSTRALIA

SUBMISSION TO THE PRODUCTIVITY COMMISSION

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2 Summary

The Australian Chamber of Commerce and Industry (ACCI), Australia's largest and most representative business organisation, welcomes the report by the Productivity Commission into the Economic Implications of an Ageing Australia. It provides a valuable extension and update to the Government's Intergenerational Report (IGR), which was released in 2002.

Without going into the modelling details, ACCI broadly supports the conclusions of the Commission's report that:

- Ageing will mean significant demographic changes for the Australian society and economy.
- However, ageing does not present a crisis.
- There are a number of appropriate Government policies that could be introduced to address the challenges of ageing.
- These policies will ensure that the Australian society and economy are able to adapt to ageing without significant disruption to our way of life.

However, ACCI submits that the Commission should acknowledge and explore the following additional arguments:

- Australian society and economy should be able to adapt to the pressures of ageing. Government policies should encourage this adaptation.
- The private sector plays a major role in addressing ageing, as a much larger part of the economy than Government.

ACCI also recommends that the Commission explores the need for reform in the following areas:

- An ongoing commitment to improved data on the impact of ageing on Government finances, training and the private sector.
- The Government should develop a comprehensive population policy, covering population level and distribution, migration, visas and incentives to have children. The current situation of having no policy is clearly inadequate, generating a system that is ad-hoc, disjointed, inadequately debated and possibly contradictory.
- Improvements to Budget management, particularly by:

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- maintaining the current medium-term fiscal strategy of the Budget being in balance over the economic cycle
- tax reforms to improve growth (tax cuts can pay for themselves in the longer run, as higher growth promotes greater tax revenues)
- containing growth in public spending through increased user charging and more competition in service provision
- ensuring the long-term fiscal effects of policy changes are measured and reported
- encouraging increased private saving for retirement
- not replacing private saving by unnecessary public saving, such as through the Future Fund proposal
- Appropriate policies for retirement, including:
 - Tightening policies that encourage early retirement
 - Reducing double dipping
 - Encourage income streams over lump sum payments
 - Targeting tax funded pensions at those most in need
 - Pension and superannuation policy should encourage people to prepare and save for their own retirement
 - The coverage of compulsory super should be as broad as possible
 - The taxation of super should be simplified and moved to tax at the point of benefit only.
- Continuing economic reform to encourage economic growth, particularly labour market reform and tax reform.
- Appropriate labour market policies will also directly offset the impacts of ageing (particularly lower participation):
 - More flexible hours and conditions will encourage mature aged workers to remain in (or re-enter) the workforce
 - Agreement making must be made easier, quicker, more cost effective and more accessible and less exposed to interference to properly encourage the employment of older Australians.

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- Continued reform to the Job Network to address the particular needs to mature aged people.
- Ensure that age discrimination legislation is cost effective and does not have the unintended consequence of harming the employment opportunities for mature aged people.
- Ensuring occupational health and safety regulations adapt to the needs of mature aged workers.
- The skills of mature aged workers need to be enhanced to ensure they can participate in the labour market:
 - Skills gaps with older workers need to be addressed
 - Pre-vocational training should be used to assist job seekers to return to work
 - Reinvigorate recognition of prior learning to ensure existing skills of older workers are formally recognized
 - Review the recognition of overseas qualifications to facilitate migrants obtaining jobs
 - Reduce barriers to the New Apprentice system for migrants
 - Special programs should be developed to address the particular needs of older workers
 - A comprehensive strategy to address the education and training needs for older workers is needed

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3 About ACCI

The Australian Chamber of Commerce and Industry (ACCI) is the peak council of Australian business associations. ACCI's members are employer organisations in all States and Territories and all major sectors of Australian industry.

Through our membership, ACCI represents over 350,000 businesses nation-wide, including the top 100 companies, over 55,000 enterprises employing between 20-100 people, and over 280,000 enterprises employing less than 20 people. This makes ACCI the largest and most representative business organisation in Australia.

Membership of ACCI comprises State and Territory Chambers of Commerce and national employer and industry associations (a list of members is attached). ACCI members are representative bodies for small employers or sole traders, as well as medium and large businesses.

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4 General issues

4.1 Is ageing a crisis?

ACCI broadly supports the position in the Commission's draft report that population ageing will not constitute a crisis (draft report, p XLII). Many of the effects of ageing are actually beneficial; society will be wealthier in the future, increasing the ability to pay for ageing; and ageing is less of a problem than in many other OECD countries. ACCI agrees that immigration will not solve the ageing issues, but we wish to emphasise that immigration has many benefits beyond addressing problems relating to ageing.

However, ageing is still an issue that requires coordinated and early responses. This submission examines ACCI's policy prescriptions to address ageing issues.

4.2 Adjustment to ageing

There is an additional reason why ageing is not a crisis: society and the economy will be able to adjust to changing circumstances.

For example:

- People's attitudes to working in later life may shift
- Prices will adjust to reflect relative scarcity. For example, wages may increase as participation falls and interest rates may increase as retirees dissave (p 11.11).

These effects have not been examined in detail in Commission's draft report.

ACCI recommends that the final report should have a section that brings together estimates the effects of ageing on key economic measures such as growth, productivity, wages, profits, interest rates, prices and demand, preferably segmented by industry (particularly for health, housing, infrastructure and insurance)¹. These estimates should assume that individuals and business respond to the ageing pressures appropriately (eg, wages increase as participation falls).

This information will assist the private sector in responding to the ageing pressures. After all, the private sector is a much greater part of the economy than the Government (and the Commission's draft

¹ Many of these estimates are in the draft report, but not collected together.

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report focuses overwhelmingly on the effect of ageing on the Government).

4.3 Business opportunities from ageing

Changing demographics present a great opportunity for business.

The future old will be asset rich. Around 50 per cent of the nation's family wealth is projected to be held by people aged 65 years or more by 2031, whereas currently this group only holds around 22 per cent of aggregate wealth. This means that this group will hold significant spending power (assuming the wealth can be liquidated).

Similar demographic transitions will be occurring in many of Australia's trading partners.

Therefore the Government and business needs to consider how this will alter the nature of the economy in coming decades. Matters which should be considered include:

- export opportunities for products/services targeting ageing markets
- changing spending patterns
- product, service and distribution redesign
- differential impact across industry sectors
- re-alignment of marketing and sales effort

The Commission may find it worth mentioning these issues in its final report (without needing to explore them in detail).

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5 Data requirements

To supplement the policy responses to ageing, data needs to be improved. The Commission's report goes a long way to addressing these data requirements; however ACCI suggests that there are further data requirements:

- A comprehensive information and planning process to identify current and future skill needs for industry is needed. The data available from government departments and other agencies needs to be brought together to inform vocational education and training direction and product and service development. This will be important in assisting in addressing potential demand for labour and identification of skills required.
- Forecasts need to be updated and improved upon regularly. The obvious way to do this is through the Intergenerational Report (IGR) to be issued regularly by Treasury – however the scope of the IGR will need to be expanded to cover the broader issues raised in the Commissions' report.
- The Government should make estimate and reveal the long-term budgetary impact of policies. ACCI is concerned that a number of Government policy decisions appear to provide a short-term fiscal benefit, when the (undisclosed) long-term impact could be detrimental. An example could be higher taxes on superannuation, which have a short-term benefit but could increase the cost of the public pension, making the long-term cost significant.
- As outlined in Section 4.2 above, the Commission and Government should acknowledge and estimate the impact of ageing on the private sector.

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6 Population Policy

Australia's economic prospects and social fabric are fundamentally affected by the level and composition of the resident population – including the age profile, the education/training standards, the cultural mix and spatial distribution of the populace.

Successive Australian Governments traditionally have not pursued explicit, extensive or transparent population policies. Rather, population “policy” in Australia has been conducted implicitly through various mixes of immigration, education and training, regional development and infrastructure policies.

ACCI considers that the development of an integrated and transparent population policy is a critical component of addressing issues around ageing Australia. This needs to bring together a range of policy areas such as immigration, education and training, health, regional development, infrastructure and transport. In particular, key issues which need substantial research and debate include:

- The ‘optimum’ Australian population level and its distribution within Australia.
- Levels of immigration required and appropriate categories of permanent and temporary stay visas.
- Incentives for Australians to have children.
- Potential impact of these policy programs and services on metropolitan, regional and remote areas.

ACCI considers that it is much better for the Government to have a position on these issues than for them to be ignored. Australia currently has a population “policy” that is ad-hoc, disjointed and has been implemented without public debate. In addition, the current system is likely to be contradictory because it has not been developed under a coherent framework.

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7 Fiscal Impact

It is well recognised that ageing will put Government budgets under pressure – principally within health, aged care and welfare.

The Australian Government's Intergenerational Report (released in 2002) argued for the following policies priorities to address the fiscal pressures from ageing:

- Maintaining the budget in balance over the economic cycle. Continuing the Government's current medium-term fiscal strategy will ensure Commonwealth Government debt remains low as pressures due to an ageing population begin to build significantly around 2020.
- Maintaining an efficient and effective medical health system, complemented by widespread participation in private health insurance.
- Containing growth in the Pharmaceutical Benefits Scheme (PBS). Rapid growth in the PBS over the past decade suggests it could be one of the most significant spending pressures on the Australian Government in the future.
- Developing an affordable and effective residential aged care system that can accommodate the expected high growth in the number of very old people (people aged 85 or over).
- Preserving a well-targeted social safety net that encourages working-age people to find jobs and remain employed.
- Encouraging mature age participation in the labour force.
- Maintaining a retirement incomes policy that encourages private saving for retirement, and reduces future demand for the Age Pension.

ACCI broadly supports these policy proposals.

However, ACCI does not consider that the Government should introduce a Future Fund to address the coming fiscal pressures – see Section 7.4 below.

7.1 Spending

Over the past three decades Commonwealth health spending has more than doubled, to reach almost \$30 billion dollars in 2002-03, or 3.9 per cent of GDP.

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Most of the growth has come from the demand for new technology and treatments. Australians now expect to access more expensive diagnostic procedures and new (and more expensive) medications listed on the PBS. Unless addressed, these trends are likely to continue to drive health spending over the next four decades, as acknowledged by the Commission.

Policies to contain this growth could significantly reduce fiscal pressures. The same argument could apply to other areas of Government spending. Some policies that could be explored include:

- Increasing competition in the provision of Government-funded or subsidised goods and services. In particular, the extension of National Competition Policy to some areas of health and aged care should be explored.
- Increasing the scope of user pays, particularly for the better off. It may be easier to announce an increase in user prices that will be implemented a significant time away, because these higher costs will apply to a richer generation and people will be able to forecast and save for them.
- Encouraging private provision where appropriate. This includes private health insurance, as well as other measures such as family care of older Australians.

7.2 Budget forecasts & tax cuts

The Commission's report indicates that the deterioration in the combined budget position of all Australian governments due to ageing will be around 7 percent of GDP in 2044. This forecast assumes that taxes will remain roughly stable as a proportion of GDP. Separately, the Commission notes that full indexation of income tax thresholds will reduce the fiscal gap by more than half.

This implies that the original forecast that generated the 7 percent gap will mean significant (real) tax cuts. ACCI suggests that the Commission should clarify this point in its final report.

7.3 Tax cuts & increases

Some commentators argue that the pressures of an ageing population mean that taxes should rise now – for example, Michael Keating (2004) "A case for increased taxation" Academy of Social Sciences in Australia Occasional Paper 1/2004.

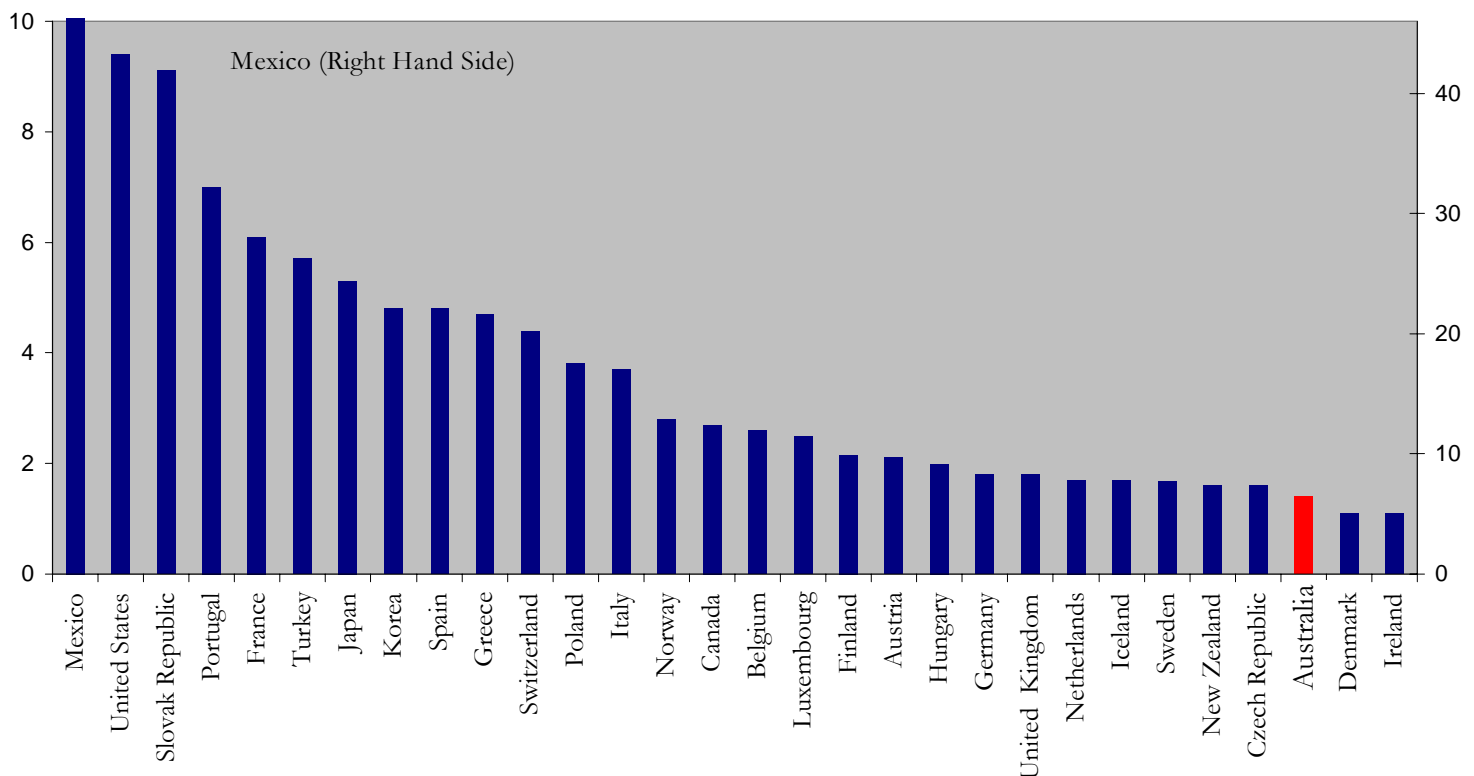
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ACCI specifically rejects these proposals, for the following reasons:

- Tax increases will do significant damage to Australia's growth prospects. The best way of paying for the challenges of ageing is to have a prosperous and vibrant economy to meet these challenges.
- Arguments for tax increases imply that existing Government spending cannot be reallocated to these needs – in other words, the current distribution of spending is appropriate. This has not been shown.
- Policies should be explored to contain growth in Government spending, easing fiscal pressures and reducing or eliminating the need for tax increases (See Section 7.1 above).
- The Government should be encouraging individuals to provide for their future needs, rather than perpetuate the belief that the Government will do so.
- As Australian society becomes increasingly wealthy, the ability for individuals to pay for their retirement and health care will increase; and conversely the need for the Government to provide will reduce.
- As shown in the Commission's draft report, Australia is not facing a budget crisis compared to other countries.
- The Commission argues that indexation of income tax brackets (a policy supported by ACCI) will still allow for revenue increases that will cover over half of the fiscal gap generated by the ageing population.
- Australia's tax rates are becoming increasingly uncompetitive. For example, Australia's top marginal tax rate starts at a very low level – see Figure 1 below.

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Figure 1: Threshold at which top marginal tax rate applies as a multiple of average production wage



- Tax cuts are needed to ensure our competitiveness is improved. Otherwise, Australia will miss out on skilled migration, investment opportunities and entrepreneurial activity. For more details, see ACCI's Taxation Reform Blueprint, available from www.acci.asn.au
- Fiscal pressures (particularly for the pension) could be reduced by greater encouragement of private superannuation. ACCI is proposing that the Australian Government reduce taxes on superannuation at the contribution and earning phases, replacing them with equivalent taxes on benefits (withdrawal). This will provide a boost to revenue just when the intergenerational pressures are occurring. For more details, see Section 7.5 below.
- If the Government puts aside money for future expenditures, there is a risk that this money could be used for pork barrelling – it could be used to “invest” in poor quality projects that produce little or no economic return. ACCI does not support the Government's proposed Future Fund for this and other reasons (see Section 7.4 below).

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- If circumstances *do* require tax increases and/or additional Government borrowing due to ageing, such policies can always be implemented *at that time*. Such an approach will avoid the deadweight losses of higher unnecessary taxation in the interim.

7.4 Future Fund

The Australian Government announced that it would be setting up a “Future Fund” to provide for public sector superannuation. The cost of future retirement benefits for public sector retirees is substantial – in current dollar terms around \$90 billion. The Government argues that the Future Fund will: *‘increase national savings, offset unfunded superannuation liabilities and maximise the Government’s net worth’*²

ACCI does not consider that the Future Fund is the best use of the Government’s funds, for the following reasons:

- The best use of current surpluses is to reduce the tax burden. A Future Fund will reduce the money available for tax reform. Tax cuts will increase economic growth, enabling future Governments to pay for retirement incomes.
- It is not clear that the Future Fund will cause a substantial increase in national savings. Other policies could increase savings by more – for example reductions in taxes on superannuation or saving. In any case, it is not clear that the Government should target savings in this manner.
- The ageing pressures outlined in the Commission’s draft report and the IGR do not support the need for a Future Fund. The costs of public service super are set to fall substantially as a proportion of GDP. It is not clear why the super *should* be funded now and other future costs *should not* be funded now – particularly those costs set to increase strongly such as health spending.
- Allocating future surpluses to a Future Fund may allow the Government debt market to be maintained. However, ACCI does not support the unnecessary retention of this market.

² A Strong Economy, A Strong Future, The Howard Government Election 2004 Policy ‘Investing in the Future’, p. 4.

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- It would be impossible to ensure that future Governments could not interfere in the Future Fund. For example, there is a risk that Governments could restrict investment choices or use the funds to spend on poor investments. Giving the funds to private individuals as tax cuts will ensure that Government interference will be minimised.
- The return on the fund will be risky, as will the payments under public sector superannuation. These risks are not offsetting.
- A number of experts have criticised the Future Fund concept, including Dr Ken Henry, current secretary to the Treasury³; Ted Evans, the immediate past Secretary to the Treasury⁴; and the Australian Government Actuary⁵.

ACCI therefore argues that the Future Fund should not be set up, and public service retirement incomes should be paid as and when they fall due.

However, ACCI does support proposals to close the current superannuation fund and move public service superannuation on to an accumulation basis.

7.5 Retirement Income

Appropriate changes to retirement incomes policy will improve the sustainability of the Budget in the face of population ageing. This will enable people to fund their own retirement and reduce the call on the public pension. ACCI particularly argues for the following reforms:

- A number of Government policies encourage early retirement. While some of these incentives have been tightened, further reforms are needed to increase participation by older workers and reduce the call on the Budget from retirement.
- The taking of super benefits as a lump sum and then going on the public pension (known as 'double dipping') should be further restricted.

³ Speech to the Australian Business Economists in May 2004.

⁴ Quoted by Dr Ken Henry in his speech to the Australian Business Economists in May 2004.

⁵ D.B. Duval 'The financing and Costing of Government Superannuation Schemes' Australian Government Actuary, p 5.

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- In principle, the system should encourage income streams in preference to lump sum payments.
- Tax funded pensions should be only available to those most in need. Taxation revenue being directed into retirement incomes should be spent as effectively as possible and encourage people to prepare and save for their own retirement.
- Any increases in compulsory superannuation contributions should be paid by employees, not employers.
- There should be minimal exemptions from coverage of compulsory superannuation.
- ACCI suggests that taxes on super contributions should be removed and replaced with the equivalent level of taxation at the point of benefit only. This policy provides a number of benefits:
 - It will create the potential for both a higher level of retirement savings and a larger tax base on withdrawals. This is because the compounded earnings on tax paid on contributions and fund earnings are likely to be significant over a forty to fifty year investment horizon⁶.
 - Taxation at one point will help to simplify a retiree's tax planning.
 - Shifting taxation away from the contribution and earnings stage to the point of benefit will defer large amounts of Commonwealth taxation revenue from current to future budgets. The effect will offset some of the Fiscal pressures outlined in the Commission's report.
 - The overall taxation burden on superannuation funds would become more equitable. The tax imposed at withdrawal will reflect total life time superannuation savings. In contrast, the current system imposes higher taxes (through the superannuation surcharge) on years where contributions are higher. It thus unfairly penalises those who defer building up superannuation entitlements to their prime earning years

⁶ It is very unlikely that the Government would obtain as good a return as the private sector.

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compared to those who make constant contributions over their working lives.

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8 Mature age workers

Ageing will have a significant impact on the workforce. In particular, the Commission estimates it will cut labour force participation by around 8 percentage points (p XXVI). This effect would be reduced by an appropriate suite of policies encouraging greater labour force participation by mature aged people.

The best ways of achieving better supply and demand for older workers are explored in the following sections.

However, there are some important challenges with increasing mature aged work:

- Labour force participation declines sharply with age from 80 per cent for people aged 45 to 54 falling to about 39 per cent for people aged 60 to 64.
- Mature aged Australians are less likely to hold a post-compulsory qualification and less likely to undertake formal education and job related training (see p 4.12).
- If mature aged people become unemployed then they are likely to be unemployed for significantly longer than younger people.
- Nearly 30 per cent of 50 to 64 year olds are welfare dependent.
- Mature aged workers may be at a higher risk of injury in some industries or occupations (though the data on this is not clear).
- Government policies can actively discourage older people from working – whether by design or by accident.

Depending upon policy responses, these challenges may reduce over time. For example, the Commission notes that future cohorts of the old will have educational levels closer to those of younger cohorts.

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9 Labour market

9.1 Background

Improved regulation of work has a vital role to play in addressing ageing issues. Employment regulation is a threshold consideration for employees entering employment and for employers in creating and offering jobs. Issues of cost and capacity for employment to deliver on (employee and employer) expectations are very important in determining if employment actually eventuates.

The contribution of workplace relations reform since the early 1990s to Australia's employment performance is well understood. In particular, there has been a substantial increase in the ability for Australian enterprises to increase their employment potential based on increased productivity and efficiency. Historically low unemployment figures are one result of these reforms.

Workplace relations reform has a proven capacity to secure ongoing job creation in this country – this has been recognised by all governments since the early 1990s.

However, the reform of our workplace relations system remains far from complete. Despite a decade of reform, Australia's workplaces remain heavily regulated in international terms, and places Australia at a regulatory disadvantage compared to our international competitors. Importantly, a more regulated labour market will be less able to meet the challenges of ageing.

Therefore, labour market reforms must continue. Australia needs to strive for an economy which creates as much employment demand as possible. This is best delivered by further workplace relations reform.

9.2 Benefits of increased participation by older workers

There are important benefits from increasing workforce participation by older workers:

- Increased workforce diversity (see p 4.13-14).
- Greater workforce expertise and experience.
- Reduced budgetary pressures from ageing – generally, workers pay more tax and have a lower call on welfare.

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- Encouraging older people to remain active through work may improve their health and wellbeing⁷.

9.3 Issues for Workplace Relations Reform

Older employees can have a particularly diverse range of preferences in regard to their work. Having perhaps worked full time, 'standard' hours for many decades, they may have preferences for fewer hours of work per day, less than 5 days of work per week, fewer than 48 weeks of work per year and so on.

Older employees may also seek to contribute a high degree of technical expertise and experience, without wishing to take on the level of supervisory responsibility this would ordinarily dictate.

Time with grandchildren, increasing caring responsibilities, home businesses and a reduced desire for international travel can all mean that older Australians require different type of work from younger employees. To the extent that work cannot be offered flexible to their demands, no capacity for employment may exist.

The standard form of employment – 9 to 5 – Monday to Friday – retire at 65 – simply will not meet the needs of many older employees.

However, Australian employment regulation continues to be inappropriately based on assumptions regarding work which no longer hold across an increasingly diverse range of potential employees. Australia still has a one-size-fits-all model of employment regulation, based on assumptions that often restrict the employment of older persons.

The needs of an increasingly diverse workforce, including in particular of an older profile of employees, demands an Australian workplace relations system which delivers:

- A greater degree of flexibility in implementing workplace relations obligations. This would extend to providing more flexible and less prescriptive arrangements regulating hours work and greater flexibility in engaging employees on a part time or casual basis.
- Agreement making must be made easier, quicker, more cost effective and more accessible and less exposed to interference to

⁷ Assuming that the work is suitable.

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properly benefit the engagement of older Australians with work.

- Reform across the board in workplace regulation stands to benefit the employment of an ageing profile of Australians.

This submission does not contain detailed propositions for the reform of our employment regulation. ACCI has produced a detailed document on priorities for ongoing labour market reform: *Modern Workplace: Modern Future - A Blueprint for the Australian Workplace Relations System 2002-2010*. This Blueprint represents a substantial body of measures which could improve the Australian labour market and in particular its capacities to provide employment opportunities to an ageing workforce. See: <http://www.acci.asn.au/WRBluePrintMain.htm>

9.4 Job Network

The Government has undertaken important changes to the Job Network to improve services to mature-aged job seekers. A single provider is now working with each mature-aged job seeker with providers having an ability to link with State and Territory government labour market programs targeting the mature-aged. This is a good example of governments creatively linking their programs and services to address the needs of a client group.

These reforms could be built on through:

- better promotion of available active welfare and job seeker support programs and services
- development of support information for employers

9.5 Age discrimination

Instances of 'discrimination' against any group of Australians at work are invariably more complex and less common than are presented from time to time by various interests and the media.

Discrimination on the basis of age is already clearly and unambiguously prohibited in Australia, and has been for many years. The passage of the federal *Age Discrimination Act 2003* provided an additional safeguard against already prohibited conduct.

The current approach to eliminating age based discrimination works well and is already making a contribution to the

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employment of older Australians (to the limited extent discrimination law can contribute in this area).

Anti-discrimination bodies at the federal and state level already actively promote:

- The elimination of discrimination
- Increasing workplace diversity.
- Avenues to seek redress where employees do experience difficulties on the basis of their age.

No further initiatives in this area are required, nor could this essentially marginal area of litigation make any significant contribution to increasing employment opportunities for an ageing Australian workforce.

9.6 Occupational Health & Safety

Appropriate workplace policies are needed to reduce occupational health and safety (OH&S) costs as well as population health costs for older Australians.

Greater workplace flexibility for older workers may reduce their exposure to the possibility of workplace injury – for example, they may need to work shorter or more flexible hours for health reasons.

For many older people, health is improved by increased activity – so encouraging greater workforce participation by older workers may reduce population health costs.

However, older workers probably have a higher incidence of workplace injury⁸. This should not mean that older workers should be discouraged from working; instead workplace relations and OH&S policies should be adapted for the changing makeup of the workplace.

⁸ Analysis of Workers Compensation Data shows that older workers, working full time, have increased incidence rates for injury and fatalities, increased duration of absence following injury and a higher cost per claim than the average claim. (NOHSC Study: “Occupational Health & Safety: The Experience According to Age, Australia 1992-93”). The Commission’s draft report suggested the data on this issue is mixed. The Commission suggests that, over time, the probability of workplace injuries for older workers will decline (but this probability will still be higher than for younger workers).

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10 Training

The Commission's report calls for policy initiatives to increase the labour supply through measures that encourage and assist older Australians to remain in, or reengage with, the workforce and to encourage employers to hire and retain mature aged workers. Measures that should be considered are outlined below.

10.1 Address skill gaps

Address the specific needs of older workers already in the workforce by developing training programs to fill in the skills "gaps" so enabling them to gain a trade qualification to:

- a) enhance their ongoing employment options; and
- b) reinvigorate their enthusiasm for continuing in the workforce.

10.2 Assist return to work

Assist mature aged jobseekers, including those on disability support pensions, to return to the workforce by providing pre-vocational training that assists them to develop skills before entering the workplace. This will ensure that employers and employees have confidence in workers' ability to perform at least at a basic level on commencement of employment and prospective employers believe they will gain a return from providing the employment opportunity.

10.3 Recognition of Prior Learning

Reinvigorate the Recognition of Prior Learning (RPL) provisions of the vocational education and training (VET) system to ensure existing skills are formally recognized. This includes shortening the time spent in training by those wishing to upgrade their qualifications by ensuring they do not waste time being taught what they already know. Any consideration of the RPL processes will need to take into account the costs of the current system.

The incentives for training providers to recognise prior learning should be enhanced.

10.4 Special Programs

Special programmes, such as the Learning Bonus (previously advocated by ACCI), to provide financial support to employers;

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financial assistance through the Job Network to placement agencies to allow them to allocate the extra resources needed to identify and confirm employment placements; and implementation of mentoring programs designed to address the particular needs of those who have been out of the workforce for significant periods, and their workplaces.

10.5 Improved strategy

The need to develop a more responsive education and training system to enhance the skills of older workers is a priority for industry. Currently there is no clear strategy to target existing mature aged workers to enhance their skills and productivity. There is additional urgency in developing this approach given the impact of new and emerging technologies on all workplaces, the lack of post-compulsory qualifications held by mature aged Australians, and the need for some mature aged people to update their skills as they move employment.

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11 Attachment – List of ACCI members

ACT & Region Chamber of Commerce and Industry
Australian Business Limited
Australian Made Campaign Limited
Business SA
Chamber of Commerce and Industry of Western Australia (Inc)
Commerce Queensland
Employers First™
Northern Territory Chamber of Commerce and Industry
State Chamber of Commerce (NSW)
Tasmanian Chamber of Commerce and Industry Ltd
Victorian Employers' Chamber of Commerce and Industry
Agribusiness Employers' Federation
Australian Consumer and Specialty Products Association
Association of Consulting Engineers Australia
Australian Entertainment Industry Association
Australian Hotels Association
Australian International Airlines Operations Group
Australian Mines and Metals Association
Australian Paint Manufacturers' Federation Inc
Australian Retailers' Association
Australian Soft Drinks Association Ltd
Housing Industry Association
Insurance Council of Australia
Investment and Financial Services Association Ltd
Master Builders Australia Inc
Master Plumbers' and Mechanical Services Association of Australia
National Electrical and Communications Association
National Retail Association Ltd
NSW Farmers Industrial Association

ECONOMIC IMPLICATIONS OF AN AGEING AUSTRALIA

Oil Industry Industrial Association

Pharmacy Guild of Australia

Plastics and Chemicals Industries Association Inc

Printing Industries Association of Australia

Restaurant & Catering Australia

Standards Australia

Victorian Automobile Chamber of Commerce