The ageing workforce: who are they and what impact will their ageing have on their ability/willingness to work?

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Council on the Ageing WA

- A not for profit community organisation
- A registered charity and deductible gift recipient
- Established in 1959
- The peak non-government seniors’ organisation in WA
What do we do?

- Policy development – influencing government and business.
- Project development and delivery – Living Longer Living Stronger, Seniors’ Quality Use of Medicines, *beyond maturity blues*, etc.
- Provide benefits to members – individuals and organisations.
Australia's population is ageing

Chart 1.2: Proportion of the Australian population aged 65+

- 65-84
- 85 and over

<table>
<thead>
<tr>
<th>Year</th>
<th>65-84</th>
<th>85 and over</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>1990</td>
<td>15</td>
<td>2</td>
</tr>
<tr>
<td>2010</td>
<td>20</td>
<td>3</td>
</tr>
<tr>
<td>2030</td>
<td>25</td>
<td>4</td>
</tr>
<tr>
<td>2050</td>
<td>25</td>
<td>5</td>
</tr>
</tbody>
</table>
Figure 1  World population ageing (actual and projected), 1900-2100

Source: United Nations 1999
Figure 4  Projected population age structure, Australia, 2051

Source: ABS 1998
The “R” Word

- The act of retiring (going to bed or to sleep!!)
- The state of being retired (staying in bed or asleep!!)
- Withdrawal from one's occupation, business, or office.
- Withdrawal into privacy or seclusion.
- A place of privacy or seclusion; a retreat (going backwards).
- The period of a person's life during which he/she is no longer working (is there no work outside employment?)
- The disposal of a fixed asset at the end of its useful life (!!!!!!!!!!!!!!!!!!!!!!)
The Age Pension was introduced throughout Australia in 1909 when life expectancy at birth was 59 years for women and 55 for men.

A woman aged 55 in 2002 had a life expectancy of a further 29.9 years, living to the age of 84.9.

A man aged 55 in 2002 had a life expectancy of 25.9 years living to the age of 80.9.
From the 1950’s onwards the number of centenarians (people aged 100 years or more) in England and Wales has increased at a faster rate than any other age group.

The chart shows the estimated number of centenarians for England and Wales for the period 1911 to 2008. Over this period it is estimated that the number of centenarians has increased 95-fold from only 100 in 1911 to 9,600 in 2008.
Past and projected number of centenarians.
(data taken from available country census)
You might hit lucky

A woman aged 55 in 2006 has an estimated 10% probability of survival to the age of 103.

A man aged 55 in 2006 has an estimated 10% probability of survival to the age of 101.
Labour force participation declines sharply with age

78.3 per cent for people aged 50 to 54

36 per cent for people aged 60 to 64
The Australian Bureau of Statistics (ABS) projects that by 2011 Western Australians aged 45 to 74 years will constitute nearly 45 per cent of the working age population, and this proportion will continue to increase along with life expectancy. The Survey of Employment Arrangements, Retirement and Superannuation 2007 (SEARS 2007) indicates that about 310,000 people who were working in 2007 had previously retired (with no intention at the time of ever working again). The most common reason for this group returning to work was financial need (36% of men and 42% of women).
Data from SEARS 2007 indicate:

• The average age at which employed people intend to retire is 64 years.

• Currently, most people retire considerably earlier, most commonly due to health related reasons (their or someone else’s ill health).
Older women’s participation rates increased between 2003 and 2008

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2003</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>45-54 year olds</td>
<td>75.7%</td>
<td>78.1%</td>
<td>77.2%</td>
</tr>
<tr>
<td>55-59 year olds</td>
<td>53.5%</td>
<td>61.8%</td>
<td>60.0%</td>
</tr>
<tr>
<td>60-64 year olds</td>
<td>20.1%</td>
<td>34.0%</td>
<td>46.6%</td>
</tr>
</tbody>
</table>

Government policy responses

... with an ageing population there will be relatively fewer Australian’s of working age. To avoid putting too great a burden on those already in work, more Australians need to realise their potential by entering or rejoining the workforce. (COAG 2006a, p. 1)

Some common assumptions about demographic effects

**Workforce** – numbers of working age adults will be expected to support the needs and costs of a significantly larger proportion of retirees who are no longer making financial contributions to society.

**Pensions** – larger numbers of people will be drawing their pensions at the same time, but fewer working age people will be making financial contributions to fund them.

**Health** – an older population is more likely to require medical intervention, which requires both money and resources. As the risk of succumbing to many conditions increase with age, the prevalence of certain diseases, such as arthritis, heart disease and cancer, is likely to increase.
MYTH 1: Mature age workers will cost the business more for their experience.

FACT: Mature age employees can save costs to employers through increased rates of retention.

- Workers aged over 55 are **five times less likely** to change jobs compared with workers aged 20-24, reducing ongoing recruitment and training costs.\[1\]
- Mature workers deliver an average net benefit of $1,956 per year to their employer compared to the rest of the workforce - a result of increased retention, lower rates of absenteeism, decreased costs of recruitment and greater investment returns on training.\[2\]

FACT: Retention of mature age workers can help maintain corporate memory and save employers the cost of ‘re-inventing the wheel’.\[3\]

FACT: There is a strategic business advantage of having employees who reflect the diversity of the customer base as the Australian population ages.\[4\]
MYTH 2: Mature age workers may be prone to health problems.

FACT: Australians are living longer and are healthier.

- ABS reports show that the current life expectancy is 78 years for men and 83 years for women – a two and three year increase respectively since 1994.\(^5\)
- A 2005 ABS survey found the proportion of Australians aged 55-64 reporting their health as 'good', 'very good' or 'excellent' was 75.5% – an increase of four per cent since 1995.\(^6\)

FACT: Mature age workers are less likely to take sick leave and experience work related injuries.

- A 2006 ABS survey found that mature workers were the least likely group to take days off due to their own illness or as a carer. In the two week period prior to the survey nearly half the number of mature workers had days off compared to workers aged 25-34.\(^7\)
- ABS data indicates that mature age workers are less likely to experience work-related injuries compared to younger workers.\(^8\)
MYTH 3: There is no long term benefit to training and developing mature age workers.

FACT: Australia’s ageing population means business will need to invest in mature age employees.

- Based on current trends the working age population will grow by just 125,000 for the entire decade from 2020 to 2029 – less than a tenth of current pace.
- Research of OECD countries shows that those countries that provide a higher level of training to older workers have workers leaving the labour market at an older age.\textsuperscript{[9]}
MYTH 4: Younger workers are better performers than mature age workers.

FACT: Experience is a better indicator of productivity than age.

- A study of OECD nations concluded that verbal skills, communication and intelligence remain unchanged as a person ages.
MYTH 5: Mature age workers won’t be able to adapt to changes and new technology.

FACT: Older people are the fastest growing users of technology.

- ABS data shows that Australians aged 55-64 are the fastest growing users of information technology.[11]

FACT: Older people can be trained to use new technologies.

- International studies indicate that appropriate training provided in a supportive environment can greatly assist older workers to learn new technology systems.[12]
- A survey of employers showed they were more likely to recruit someone with direct experience in the industry but with limited computing skills compared to a person who is good with computers but has no industry experience.[13]
WorkCover WA data shows that from 2004-05 to 2006-07 workers aged 65 years or more made one per cent of total workers’ compensation claims. The 65+ age group consistently has the lowest incidence rate compared with other age groups.

Nationally, the ABS Work Related Injury survey shows that workers aged 55 years and over recorded the lowest rate of work-related injuries/ illnesses with 50 per 1,000 people compared with a rate of 78 per 1,000 people for the 15-19 year age group.
Research shows that mature age workers are:

- more loyal to their employer and stay longer;
- less likely to be absent from work or to be involved in workplace accidents;
- hardworking, high performing and reliable;
- healthier and able to work longer than earlier generations;
- interested in training and capable of learning new skills; and
- willing to postpone retirement if they can reduce their hours of work.

Flexible workplaces

Flexible workplaces are able to attract and retain mature age employees. You can organise the work in a way that meets both the operational needs of your business and the needs and desires of mature age employees.

Flexible working arrangements include:

- flexible hours;
- part time employment;
- job sharing;
- working from home; and
- flexible leave arrangements.

These options can be used as part of phased retirement or returning to work after retirement.

Many older people would continue in the workforce for longer if there were structural incentives to do so and less discrimination.

Mature age workers today have a greater capacity than previous generations to work beyond a retirement age of 60-65 years, since they are healthier and better educated and the nature of work is less physically demanding.

Research shows that mature age workers do not differ significantly from younger workers on measures of productivity and accuracy, and indeed, are more reliable in terms of lower turnover.
The ageing workforce: who are they and what impact will their ageing have on their ability/willingness to work?

• The ageing workforce is large, diverse and growing, but the average retirement age in Australia is currently low by international standards.
• Older women’s participation rates continue to grow faster than men’s
• The concept of retirement is changing, with more people considering remaining in or returning to the workforce during later life
• Older people are healthier than any previous generation of seniors
• Age discrimination and stereotypical thinking discourage older workers from workforce participation
• The demand for older workers will increase in the coming years and competition for their services may make it possible for some people to negotiate better wages and conditions.
• Age friendly policies and practices are needed to attract and retain older workers.
• Older people are also consumers and many have considerable income and wealth - goods and services provided to older consumers by older employees makes good sense!
Thank you

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