

AGEING AND THE BARRIERS TO LABOUR FORCE PARTICIPATION IN AUSTRALIA

DECEMBER 2011

Prepared on behalf of the
**CONSULTATIVE FORUM ON
MATURE AGE PARTICIPATION** by

Productive Ageing Centre **National Seniors**
Australia

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ISBN 978-0-9871249-3-7

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ACKNOWLEDGEMENTS

The authors of this report are Dr Jeromey Temple, Dr Tim Adair and Dr Meimanat Hosseini-Chavoshi from the National Seniors Productive Ageing Centre (NSPAC).

Survey data for this study were made available to the authors by the Australian Bureau of Statistics through their Microdata release program. A literature review prepared by the Social Policy Research Centre at the University of New South Wales for NSPAC and DEEWR provided important background information on the barriers presented herein.

CONTENTS

INTRODUCTION.....	6
BACKGROUND.....	8
Population Ageing and Labour Supply.....	8
Part of the Solution: Improving Work Force Participation	11
Barriers to Further Increases in Mature Age Labour Force Participation.....	14
The importance of barriers according to the Consultative Forum on Mature Age Participation	15
BARRIERS.....	16
Physical Illness, Injury and Disability.....	16
Discrimination in Employment on the Basis of Age.....	17
Issues Around Private Recruitment Firm Practices.....	18
Mismatch of Skills and Experience with Industry Demands.....	19
Re-Training and Up-Skilling Barriers.....	21
Care-Giving Responsibilities	21
Flexibility of Employment Arrangements.....	23
Superannuation.....	24
Tax-Transfer System.....	25
Re-Entry of the Very Long-Term Unemployed	27
Mental Health.....	28
Job Search Assistance.....	29
Leisure Time Trade-Off.....	30
Workplace Barriers.....	31
CONCLUDING COMMENTS.....	34
REFERENCES.....	35
APPENDIX A	39

INTRODUCTION

The Australian Bureau of Statistics (ABS) projects that, between 2011 and 2020, the number of persons aged 50 and over in Australia will increase by more than 22 per cent.¹ By 2050, the number aged 50 and over will have increased by over 80 per cent, or by 6.4 million. In comparison, the number of persons aged 18 to 49 is projected to grow by just over 35 per cent by 2050. This important demographic change, *ceteris paribus*, implies a greater role for mature age Australians both economically and in society more generally.

In particular, individuals, firms and all levels of government can benefit from the economic contribution of older persons through paid employment. Indeed, the Intergenerational Report cited strengthening the labour force participation of older persons as a key priority to better manage the policy challenges presented by population ageing.² In this context, the Treasurer, the Hon Wayne Swan MP, and the Hon Kate Ellis MP, the Minister for Employment Participation and Childcare, tasked the Consultative Forum on Mature Age Participation (the Forum) to provide advice to the Australian Government on practical solutions to address the barriers to labour force participation of older Australians. The specific areas that the Forum, consisting of seniors' organisations, business, training and trade union representatives (see Appendix A for a list of members), are to provide advice on:

- a. employer and community attitudes toward mature age people; age-based discrimination
- b. re-skilling and career transitions for mature age people; suitability of training, personal barriers to participation (health, injury and disability or care-giving responsibilities)
- c. industry and occupation-specific responses for supporting workforce participation of mature age people; new labour market opportunities; small business development
- d. retention of the expertise of older workers (for example, through mentoring, flexibility and part-time work)
- e. employment-related assistance for older workers (including employment services)
- f. underemployment and hidden unemployment.

It is timely then, that the Advisory Panel on the Economic Potential of Senior Australians has been tasked with preparing a series of reports detailing the economic behaviour of older persons. The economic role of older Australians is extensive—covering that of consumer and producer in both the public and private spheres. This report considers one form of the economic contribution of older Australians, that of paid work in the formal labour market. The outline of the report is as follows:

- a. a brief background of the challenges of mature age employment participation in the context of population ageing in Australia is provided.
- b. fourteen barriers to mature age employment are then listed, with the ranking of these barriers by their importance according to the Forum also presented.
- c. for each of these barriers, the past literature, evidence of the operation of the barrier and current Government responses are described.

The Forum will present its final recommendations to Government following further consideration of the barriers and in response to the outcomes of the Forum's research agenda which includes a National Survey on the Barriers to Employment for Mature Age People.

BACKGROUND

Population Ageing and Labour Supply

The removal of barriers to the continued labour force participation of mature age Australians is an important policy priority - and one that carries significant weight when considering the demographic and labour supply futures for Australia.

As noted above, the ABS projects significant increases in both the absolute and relative size of the mature age population in Australia. Statistics in Box 1 display a more detailed view of projected changes in Australians population structure from 2006 through to 2101. Each graph presents three scenarios as detailed in Table 2. Series A follows a higher growth trajectory with the highest level of fertility (TFR), Net Migration (NOM) and life expectancy (e0m and e0f) – leading to a population of around 42 million by 2056. Series B, the medium series, sees population grow to about 35 million by the turn of the century, and Series C, the low series, sees the Australian population grow to about 31 million over the same time frame.

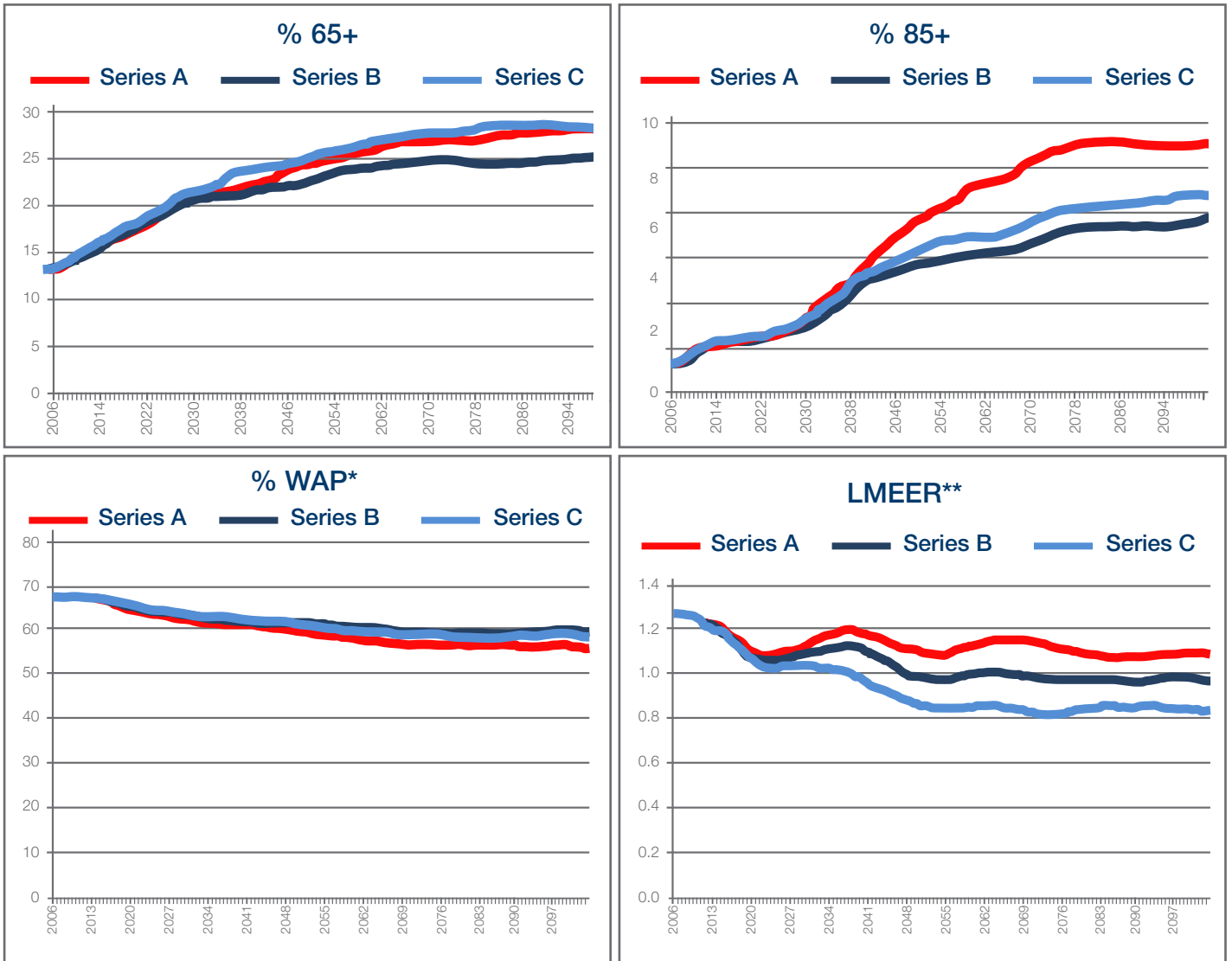
Table 1: ABS Projected Populations for Different Assumptions

	TFR(1)	NOM(2)	e0m(3)	e0f(4)	Population 2056	Population 2101
Series A	2	220000	93.9	96.1	42.5	62.2
Series B	1.8	180000	85.0	88.0	35.5	44.7
Series C	1.6	140000	85.0	88.0	30.9	33.7

Notes: (1) Total Fertility Rate from 2056; (2) Net Overseas Migration from 2021; (3) Life expectancy at birth for males in 2056; (4) Life expectancy at birth for females from 2056; Source: ABS, 2008.

Two commonly used measures of population ageing are the percentage of the population aged 65 and over, and 85 and over. As shown in Box 1, the proportion of the population at these ages is projected to grow considerably, regardless of the assumptions used. By mid-century, the proportion of the population aged over 65 grows from under 15 per cent today to between 23% and 25%. Interestingly, there is a greater change in the ageing of the oldest-old (aged 85+), growing from less than 2 per cent today to between 4.5% and 7% over the same time period. The higher proportions aged over 85 in Series A is indicative of the ameliorative effect of migration on population age structure occurring in the Series A and B projections.

Box 1: Selected Measures of Population Ageing



Notes: * Working Age Population; ** Labour Market Entry Exit Ratio

The impact of this demographic change on labour supply is clear when viewing the proportions of the population in the Working Age Population (WAP – ages 15-64) and the Labour Market Entry Exit Ratio (LMEER). The proportion of persons of working age is projected to drop from just under 70 per cent today, to about 60 per cent by mid-century. Interestingly, there is also more variation in labour market outcomes when analysing the LMEER. This index measures persons of labour market entry age (15-24) as a ratio of persons of labour market exit age (55-64). Any point above 1 on the LMEER scale indicates a greater number of entrants relative to exits; lower than 1 indicates a greater number of exits than entrants; and a ratio of 1 indicates the number of entrants matching exits. As shown in Box 1, the LMEER falls below 1 by about 2036 for Series C – the low growth scenario. In Series B, entrants are projected to match exits for much of the projection period. The high growth scenario, Series A, sees entrants outnumbering exits throughout the full projection period.

Clearly, these demographic changes pose important planning implications for policy makers, but, oftentimes the policy implications of population ageing are simplified, due to a poor understanding of the underlying causes and potential outcomes of ageing. Temple and McDonald offer a typology linking the causes of population ageing to potential outcomes by component.³ The key components of ageing include:

- Numerical ageing: The absolute numerical increase in the number of older Australians.
- Structural ageing: The relative increase, or proportional increase, of older Australians in the population.
- Timing (compression of ageing): The speed at which numerical and structural ageing occurs.
- Spatial (geographic concentration of ageing): The spread of Australia's ageing population across its States, Territories and regions.

The underlying causes of each form of ageing differ, as do the outcomes and implications for government and industry (see Table 2). From a labour force perspective, it is clear that the different aspects of population ageing affect labour supply and demand in different ways:

- Numerical ageing: Increases the total number of mature age workers – but also increases the number of unemployed and underemployed mature people.
- Structural ageing: Decreases the proportion of the total population in the working ages. Without changes in labour force participation, structural ageing also creates labour supply problems in the presence of increasing or constant labour demand.
- Timing of ageing: Influences the timing of labour supply constraints and also the timing of the availability of the increased number of mature age workers.
- Location of ageing (spatial): Influences the geographic availability of mature age workers, which impacts the spatial concentration of labour supply constraints brought on by structural ageing and increased labour demand.

Part of the Solution: Improving Work Force Participation

As noted by the Productivity Commission, it is the “3 Ps” that determine the ability of Australia to plan for the policy consequences of population ageing: Participation, Productivity and Population. Recent research has emphasised the important role of both productivity and population in mitigating the consequences of ageing.^{4,5}

Also emphasised by the Productivity Commission, increasing the employment participation of mature age people (aged 50 years and over) is an important way of lessening the economic challenges of an ageing population. It will increase the ability of people to fund their own retirement and lessen reliance on Government pensions. Further a higher proportion of mature age people in employment will increase the Government’s revenue base, as well as potentially lowering the costs associated with ill health.

Just a decade ago, Australia had relatively low levels of mature age employment compared to many other OECD countries, including the USA, UK, Canada and New Zealand. Recently, however, mature age participation in Australia has increased significantly (see Table 3).

Table 2: Population Ageing: Causes and Outcomes

	Underlying Cause		Ceteris Paribus Economic Outcomes	
	National	Sub-National	Government	Industry
Numerical	<ul style="list-style-type: none"> Improved survival and cohort flow* 	<ul style="list-style-type: none"> As for national; Internal migration 	<ul style="list-style-type: none"> Increased demand on income support, health care etc. 	<ul style="list-style-type: none"> Increased number of elderly consumers, i.e. growing market segment Potentially larger number of older workers
Structural	<ul style="list-style-type: none"> Falling/Low fertility Improved survival Cohort flow 	<ul style="list-style-type: none"> As for national; Internal migration 	<ul style="list-style-type: none"> Decreased proportion of population in ‘working ages’ 	<ul style="list-style-type: none"> Increased relative importance of elderly consumers Labour supply issues
Timing	<ul style="list-style-type: none"> Falling fertility 	<ul style="list-style-type: none"> As for national; Internal migration 	<ul style="list-style-type: none"> Decreased proportion of population in ‘working ages’ 	<ul style="list-style-type: none"> Increased relative importance of elderly consumers Labour supply issues
Spatial	<ul style="list-style-type: none"> Regional differences in the underlying demography. 		<ul style="list-style-type: none"> Where infrastructure and services will be required; Economies of scale 	<ul style="list-style-type: none"> Where growing market segments will be located; Location of firms; Location of labour.

Source: Adapted from Temple, 2006; Temple and McDonald, 2006.^{6,7}

Note: cohort flow refers to the ageing of the existing cohort of older persons.

Table 3: Mature Age Labour Force Participation (%), Selected Countries, 2000 and 2010.

	Males				Females			
	50-54	55-59	60-64	65-69	50-54	55-59	60-64	65-69
2010								
Australia	87.9	80.2	61.6	31.3	76.8	64.6	42.8	17.5
New Zealand	90.6	86.2	78.9	44.7	82.8	77.0	60.8	28.1
Canada	87.8	77.7	57.7	30.8	80.4	67.6	44.1	17.5
United Kingdom	87.8	80.9	57.9	24.8	78.1	67.8	34.1	16.3
United States	85.1	78.5	60.0	36.5	74.6	68.4	50.7	27.0
OECD	87.5	78.8	55.2	30.0	69.6	58.7	36.2	17.7
2000								
Australia	84.9	72.4	46.6	18.6	66.2	47.1	21.8	8.1
New Zealand	90.8	81.8	59.7	23.0	73.7	59.6	33.5	10.1
Canada	86.3	72.5	45.8	16.0	70.9	53.1	27	7.1
United Kingdom	86.3	74.7	50.2	14.8	72.7	57.6	25.9	8.5
United States	86.3	77.0	55.0	30.3	74.2	61.4	40.2	19.5
OECD	87.6	75.4	47.9	23.8	63.8	49.2	26.5	12.3
Change								
Australia	3.0	7.8	15.0	12.7	10.6	17.5	21.0	9.4
New Zealand	-0.2	4.4	19.2	21.7	9.1	17.4	27.2	18.0
Canada	1.5	5.1	11.9	14.8	9.5	14.6	17.1	10.3
United Kingdom	1.5	6.2	7.7	9.9	5.4	10.2	8.2	7.8
United States	-1.7	1.4	5.1	6.2	0.5	7.1	10.5	7.4
OECD	0.0	3.3	7.3	6.1	5.8	9.5	9.8	5.4

Source: OECD, 2011.⁸

For almost every age-sex combination (except females aged 50-54), mature age labour force participation in Australia in 2000 was below the OECD average and lagging behind many comparable countries. By 2010, however, labour force participation has grown significantly across all age groups and exceeds, sometimes considerably, the OECD average. For example, the labour force participation rate for males aged 60-64 has grown by 15 percentage points and by 21 percentage points for females over this period. Although this increase is encouraging, participation at older ages remains below that of New Zealand. Male participation for 65-69 year olds reaches almost 45 per cent compared with just over 30 per cent in Australia. Similarly, for the same age group, just under 30 per cent of New Zealand females are in the labour force, compared with about 17 per cent of Australians. This indicates further room for improvement amongst this oldest age group.

McDonald^{9,10} attributes this recent rise in labour force participation in Australia to a number of factors, including:

1. "Education levels were increasing with each cohort and education is correlated with continued employment at older ages.
2. Each successive cohort was less likely to have been employed in industries that had been subject to restructuring in the 1980s and 1990s (especially manufacturing). In particular, those at older ages who were not in the labour force because of retrenchment from these industries would age out of the main working ages.
3. Each successive cohort is more highly endowed with the skills required for a knowledge-based economy and these skills are increasingly important in continued employment.
4. Each successive cohort will have commenced work at a later age on average and therefore can be expected to work longer.
5. The nature of employment is moving away from physically demanding jobs.
6. Successive cohorts have more experience of changing jobs across their lifetimes and this may assist them to move into transition-to-retirement jobs in older ages.
7. Labour demand would be strong and this would encourage higher rates of participation at older ages. An implicit argument here is that employers prefer younger workers to older workers (discrimination) but that, in a tight labour market, employers' choices are more limited.
8. The lives of Australians are increasingly work-defined so that leisure alternatives would be less attractive for some. Multi-skilling also meant that for many people jobs were more interesting and more satisfying.
9. With the delay of child-bearing, many people would still have responsibilities for children at older ages.
10. The fall in the age difference between husbands and wives would mean that women were less likely to retire early because their (older) husbands had retired.
11. Health status was improving and this would enable people to work longer.
12. For women, labour force participation would rise at older ages because it had already been rising when the same women were at younger ages – a cohort effect."

Barriers to Further Increases in Mature Age Labour Force Participation.

Policy makers still recognise there is scope to increase labour force participation to engage economically inactive people aged over 50. This is evidenced by recent introduction by the Federal Government of a number of policies and programs to increase labour force participation of mature age Australians, including retraining and re-skilling as well as job search support programs. Other initiatives to raise employment participation include a raise in the Age Pension eligibility age from 65 to 67 years beginning in 2017, increasing the earliest age people can access their superannuation, legislating the *Age Discrimination Act 2004 (C'wealth)*, and appointing a dedicated Age Discrimination Commissioner.

An understanding of the barriers preventing more mature age people from engaging economically is necessary to develop appropriate policy and programmatic responses, with a view to increasing their labour force participation. Research from both Australia and internationally (as detailed below) has identified a number of such barriers. These barriers, presented in alphabetical order are:

- Care-giving responsibilities
- Discrimination in employment on the basis of age
- Flexibility of employment arrangements
- Issues around private recruitment firm practices
- Job search assistance
- Leisure time trade-off
- Mental health barriers
- Mismatch of skills and experience with industry demands
- Physical illness, injury and disability
- Re-entry issues barriers of the Very Long-Term Unemployed
- Re-training and up-skilling barriers
- Superannuation
- Tax-transfer system
- Workplace barriers

The importance of barriers according to the Consultative Forum on Mature Age Participation.

To gauge the importance of each of these barriers, each member of the Forum completed 14 short questionnaires covering the importance of each barrier, as well as the feasibility of employer, government or worker interventions to ameliorate the position of mature age workers.

Table 4 shows the relative importance of each barrier according to responses by the Forum. Physical illness, injury and disability was rated by 100 per cent of Forum members as being of either high or very high importance. The next highest rated barriers in terms of importance were age discrimination and issues around private recruitment firm practices (each rated by 87.5 per cent of Forum members as of high or very high importance). These were followed by mismatch of skills and experience with industry demands, re-training and up-skilling barriers and care-giving responsibilities (85.7 per cent). Next were flexibility of employment arrangements (75 per cent) followed by superannuation, tax transfer system and re-entry barriers of the very long-term unemployed (71.4 per cent).

Table 4: Ranking of the percentage of Forum members who rated the importance of each barrier as high or very high.

Barrier	%High / Very High
Physical Illness, injury and disability	100
Discrimination in employment on the basis of age	87.5
Issues around private recruitment firm practices	87.5
Mismatch of skill and experience with industry demands	85.7
Re-training and up-skilling barriers	85.7
Care-giving responsibilities	85.7
Flexibility of employment arrangements	75.0
Superannuation	71.4
Tax-transfer system	71.4
Re-entry of the very long-term unemployed	71.4
Mental Health	66.7
Job search assistance	62.5
Leisure time trade-off	37.5
Workplace barriers	16.7

BARRIERS

This section presents information on the barriers to mature age labour force participation. For each barrier, there is a brief review of relevant literature, presentation of quantitative evidence, as well as a description of current programs addressing the barrier.

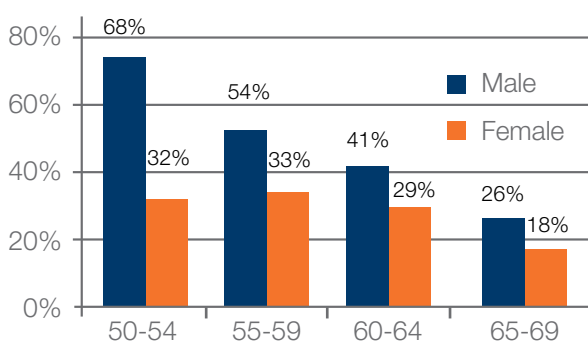
Physical Illness, Injury and Disability

Physical health, injury or disability have been found from a number of studies to have a major impact on early retirement, job loss, unemployment, or difficulties re-entering employment. Research from Australia has found that the probability of employment for men with poor health is significantly lower than those who reported their health was in good condition.¹¹ In the UK, recent research found that the most common reason given for leaving a job was health problems (31%).¹²

Evidence

Long-term illness or disability is a major reason reported for not wanting to work, accounting for over two-thirds of males aged 50-54 years (68%) and over half aged 55-59 (54%) who are not in labour force (see Figure 1). It is also a significant reason for women in their fifties not wanting to work (approximately one-third). Amongst those aged 55-64, illness, injury or disability was the main reason for ceasing the last job for 37% of males and 25% of females.¹³

Figure 1: Long-term illness or disability as main reason for not wanting to work, by age and sex, 2008-09¹⁴



Current Responses

The 2011 Budget included several changes to Disability Support Pension to encourage greater participation:

- Job Capacity Assessments will provide a greater focus on a person's potential to work,
- Disability Support Pension recipients will be able to work up to 30 hours a week for up to two years and keep receiving a part-pension if their income remains below the cut-off point; recipients under 35 who have a work capacity of eight hours or more per week will have to meet participation requirements,
- The Budget also included wage subsidies of \$3000 to employers who employ people with disability.

Disability Employment Services provides services to aid job seekers with a disability. The National Disability Recruitment Coordinator works one-on-one with large employers to create job opportunities for people with disability registered with Disability Employment Services.

Mature age people with a health condition, injury or disability also receive face-to-face support and training to help them stay in the workforce, as part of Experience+ On the Job Support.

Job seekers and workers with disability, as well as their employers, also have access to free information and advice through JobAccess. Advice includes flexible work arrangements and workplace adjustments, as well as a free assessment to remove barriers within the workplace. Also available is the Employment Assistance Fund to pay for the cost of special workplace equipment, services and modifications for employees with a health condition, injury or disability. For existing mature age workers who want to move from a physically demanding role into a less physically demanding role with the same or a new employer, Job Transition Support provides 12 months of training and assistance through Stream 2 of Job Services Australia, limited to Priority Employment Areas.

In addition to these programs, the National Disability Strategy includes policy direction and action items related to the education and employment of people with disability.

Discrimination in Employment on the Basis of Age

Some researchers argue that discrimination against older workers is one of the least acknowledged barriers to workforce participation.^{15,16} It can manifest both directly and indirectly in both the recruitment and retention of staff. Age discrimination in employment of mature age people arises from a combination of social perceptions and economic justifications but is usually justified in terms of productivity, whereby older people are stereotyped for having some assumed behaviours regardless of the individual's actual conditions and characteristics.¹⁷ For example, euphemisms such as being unable to fit into the current work team, being overqualified, or lacking up-to-date skills, being inflexible, slow or unwilling to learn, or concerns about health and fitness are often used.¹⁸ Age discrimination, real or perceived, can cause mature age people to 'self-select' out of the labour market.

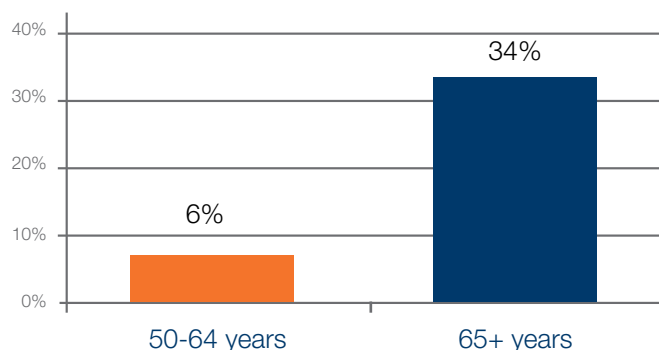
Often, age discrimination interacts with other barriers, especially issues with private recruitment agencies, re-training and job search assistance. Evidence from a study in the UK suggests that lack of access to facilities and opportunities for learning in the workplace is the reason holding back older workers from participating in training programs.¹⁹ The findings from that study suggest that employers are usually concerned about the costs and benefits of re-training older employees, and they believe older workers find it more difficult to learn new skills.

Evidence

The extent of the prevalence of age discrimination as a barrier to employment participation is difficult to ascertain.

Approximately one-third of those aged 65 years and over stated that being considered too old by employers was a reason for not looking for work or more hours (34%) (see Figure 2). Further, this was a difficulty faced by one-third of those aged 50-69 years looking for work.

Figure 2: Perception of ‘being considered too old by employers’ as a reason for not looking for work or more working hours, by age, 2008-09²⁰



Current Responses

There are presently a number of responses addressing age discrimination in the workplace. The 2009 strengthening of the *Age Discrimination Act 2004 (C'wealth)* removed the ‘dominant reason’ test—discrimination may now be established if a person’s age is just one of the reasons (rather than ‘the main reason’) for a discriminatory act that causes disadvantage. The provisions of the *Fair Work Act 2009* also provide protection against unlawful age discrimination, making it unlawful to take adverse action against an employee (or potential employee), including by choosing not to offer them employment, because of their age.

The Experience+ Career Advisers can help mature age people build motivation and confidence to counter ageist attitudes and to market themselves competitively to prospective employers. This can help prevent mature age people from ‘self-selecting’ out of the labour market because they believe they will not be successful. Employers can receive advice about removing unlawful age discrimination from recruitment/employment practices from the ‘Investing in Experience’ Employment Charter and Tool Kit.

From July 2011, Australia’s first dedicated Age Discrimination Commissioner, the Hon Susan Ryan AO, is advocating for the rights of, and cultivating positive attitudes toward, older Australians.

Issues around Private Recruitment Firm Practices

The greater role of private recruitment agencies as intermediaries between job seekers and employers means that age-based discrimination is increasingly likely to be experienced at the recruitment stage.²¹ Studies have found that some recruitment agencies are reluctant to accept older workers as clients or recommend them to employers.²² This is particularly prevalent within the Information and Communications Technology (ICT) industry, which is seen as having a young culture.²³

Evidence

A case study of 163 mature age workers who were registered with various employment agencies found that more than half (55%) of the registered applicants indicated age as the most important obstacle to obtain a work.²⁴ An example is from a complainant to the Human Rights Commission:

The complainant, aged 55, used a private employment agency to apply for a position of graduate information technologist in the large government department where he had worked for the preceding ten years. His application was rejected, and he claimed it was due to age discrimination. According to his complaint, the employment agency had told him that he should not be applying for graduate positions.

Current Responses

The recruitment industry operates under commercial arrangements with employers. The Government is not party to such commercial arrangements between private recruitment agencies and employers. Recruitment companies, however, are required to comply with all relevant Commonwealth and state and territory laws, including age discrimination legislation. There are a number of private (non-government funded) recruitment firms that specialise in assisting mature age people (for example, olderworkers.com, DOME, SilverTemp, BeNext, Grey Hair Alchemy, 40plus, Adage). These are promoted on the Experience+ website.

Members of the Recruitment and Consulting Services Association (RCSA), a leading industry and professional body for the recruitment and human resource services sector, are required to comply with a code of practice that includes that they must not jeopardise unlawfully a candidate's engagement or interfere in work relationships. The Australian Human Resources Institute (AHRI) is the national association representing human resource and people management professionals. Members are required to comply with a code of ethics and professional conduct which includes that members must act lawfully and will foster equal opportunity and non-discrimination, including that they will seek to establish and maintain fair, reasonable and equitable standards of treatment of individuals.

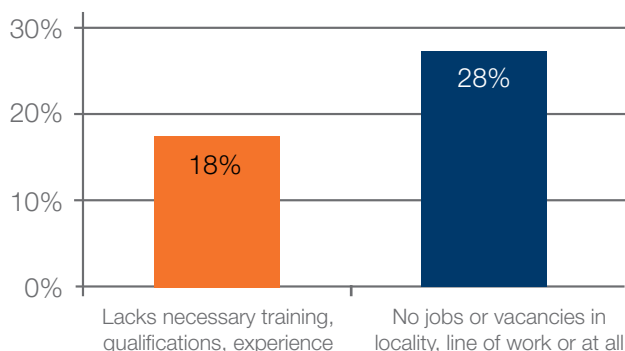
Mismatch of Skills and Experience with Industry Demands

The transformation in the Australian economy in recent decades, with a decline in manufacturing jobs and an increase in occupations in the services and information technology sectors, means that some mature age people have skills and experience that suited industry needs in previous decades, but less so in the modern economy. Internationally, an OECD survey of 21 countries found a major barrier faced by mature workers was insufficient skills relative to technological requirements, and this was exacerbated by a lack of assistance and/or motivation to upgrade skills.²⁵ The mismatch of skills and experience with industry's demand for labour is felt most acutely by older people with low education.

Evidence

Recent ABS data²⁶ reveal two difficulties faced by older Australians looking for work or more hours, which are related to the mismatch of experience and skills with industry needs (see Figure 3). Around 18% of those aged 50-69 looking for work and were available to start work reported that a difficulty existed because of skills and experience. Also, 28% of them reported a lack of appropriate job opportunities.

Figure 3: Difficulties reported by people age 50-69 years in looking for a job/ more hours, 2008-09²⁷



Current responses

There are currently a number of responses addressing the mismatch of skills and experience with industry demands.

The Building Australia's Future Workforce package announced in the 2011 Budget includes:

- the \$558 million National Workforce Development Fund for direct partnerships between Government and with industry to train 130,000 current or prospective employees for job jobs in sectors with skills shortages. The Fund works on a co-contribution model whereby smaller businesses receive more funding than larger businesses.
- expansion of the Language Literary and Numeracy Program and Workplace English Language and Literary program to assist job seekers and existing workers to gain the skills needed to participate in training and employment.

Other responses include:

- Experience+ Training which provides training grants of \$4950 to help employers provide training at the Certificate III to Advanced Diploma level for mature age workers who supervise or mentor Australian Apprentices or Trainees
- The Experience+ Career Advice service that helps mature age people identify their transferrable skills and any skills and knowledge gaps, and provides advice on training options that meet employer and industry needs
- There is also funding available to enable mature age workers with trade skills but no formal qualifications to have a skills assessments and, if necessary, gap training to achieve a nationally recognised qualification or an approved Training Package Skill Set.

Australia Apprenticeships are available to anyone of working age with or without a secondary school certificate or other qualifications and Apprentices aged 25 years or over, or their employers, may be eligible for financial support. Eligible job seekers can access a range of training and development activities through Job Services Australia (see Job Search section).

Re-Training and Up-Skilling Barriers

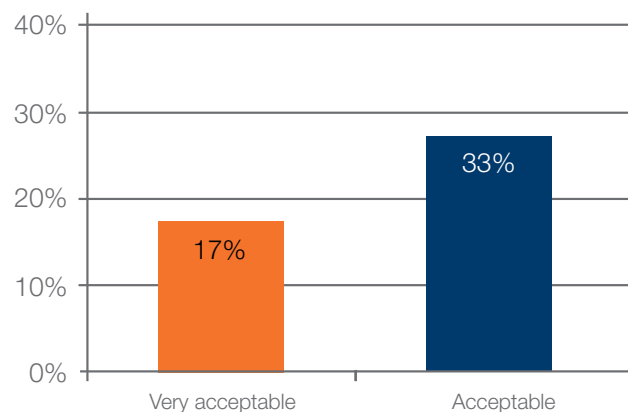
The Intergenerational Report 2010 states that a key public policy priority in Australia is to support mature age participation through practical measures such as retraining and re-skilling programs.²⁸ However, research in Australia has found that mature age Australians face a lack of appropriate training opportunities to upgrade their skills, with existing programs found inappropriate for mature age people, especially those with low levels of prior qualifications and low formal education.^{29,30} Furthermore, mature age people can face a significant cost in undertaking training.

Evidence

One-half of Australians aged 40-59 years found an incentive to increase training options for older workers to prepare them for other kinds of work either very acceptable (17%) or acceptable (33%) (see Figure 4).

The potential benefits of training older workers have been shown by a study conducted by the Australian Employers Convention. Forty-five per cent of workers aged 45 or over planned to stay in the workforce until age 65-69, indicating that there is a significant future number of years of employment for many mature workers which increases the returns on investment in training.³¹

Figure 4: Responses of people aged 40-59 years to the policy incentive of increased training options for older workers to prepare them for other kinds of work, 2006³²



Current responses

Please see the current responses in the 'Mismatch of skills and experience with industry demands' section.

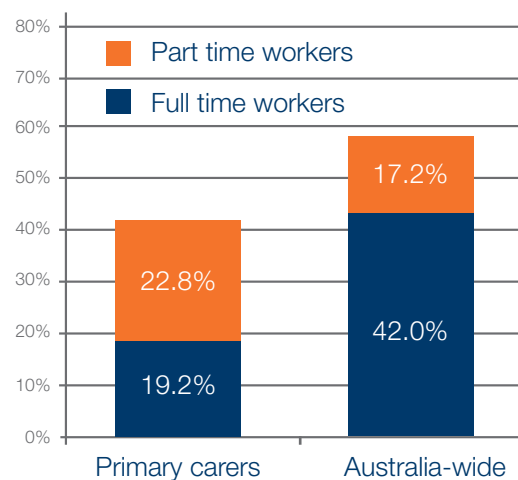
Care-Giving Responsibilities

Australian studies show that living arrangements and care-giving responsibilities significantly impact mature age peoples' ability to secure and retain employment.³³ Many women have to disrupt their careers due to child care and other caring responsibilities, and as a result have lower income and superannuation savings in retirement. Men also contribute considerably to care-giving, and often face difficulties facilitating this care by adjusting their work arrangements.³⁴ Overall, the labour force participation rate of primary carers is substantially lower than for all Australia, especially for full-time employment.³⁵

Evidence

Recent findings from Australia demonstrate the challenges faced by mature-age care givers in engaging in employment. The labour force participation rate of primary carers is substantially lower than for all Australia (see Figure 5).³⁶ In particular, the full-time employment rate for primary carers is less than half the Australia-wide figure. The part-time employment rate is slightly higher for primary carers, indicative of their need for more flexible working hours to meet their care-giving responsibilities.

Figure 5: Comparison of labour force participation rate between primary care-givers and all Australians in 2003³⁷



Support services for carers include MyTime Peer Support Groups that provide peer support to assist parents and carers of young children with disability or chronic medical conditions. Home and Community Care (HACC) services can provide respite care as relief for carers. HACC is a joint Commonwealth/State Government program which provides services to support frail elderly people, younger people with disabilities living at home or in the community, and their carers. The 2011 Budget announced \$1.2 million over four years for a national network of peer support groups for grandparent carers. Dedicated grandparent advisers will also be established in selected Centrelink offices. This forms part of a larger National Careers Strategy.

The National Employment Standards (introduced in 2010) allow parents or carers of a child under school age or of a child under 18 with a disability to request a change in working arrangements to assist with the child's care, 10 days paid personal/carer's leave, two days unpaid carer's leave (if paid personal / carer's leave is not available), and two days paid compassionate leave per occasion. Additional conditions to assist employees with care-giving may be provided for in awards or agreements, and sometimes in individual flexibility arrangements made between an employer and individual employees. In Victoria, employers have been required to make reasonable accommodation for staff to carry out caring responsibilities since 2008, which is enforceable. Similar arrangements have been implemented in the UK and New Zealand; in the UK the right to request flexible working arrangements has significantly increased access to flexible working options.³⁸ Also, it is unlawful under the Federal Disability Discrimination Act 1992 to discriminate against a person because that person is a carer of a person with a disability.

Flexibility of Employment Arrangements

The ability to work part-time or flexible hours has been found to be the most important facilitator, after good health, for older people to work beyond retirement age.^{39,40} Flexible employment arrangements can also increase the employment participation of older Australians who face other barriers to working, such as physical illness, injury or care-giving responsibilities.⁴¹

Evidence

Data from Queensland show that around 60% of employed males and females aged 55 and over used any type of flexible working arrangements the previous 12 months (see Figure 6). The most common type was choosing when to take annual leave (over 50%), followed by choosing when to start and finish work (about one-quarter), working from home or alternative place (around 10%) and working shorter hours or agreed period of time (males 5%, females 11%).

Being able to work part time-hours was the incentive most likely to encourage older people to join the labour force, cited by 75% of respondents aged 55-69 (see Figure 7). Other important incentives to join the labour force amongst this age group were being able to work a set number of hours on a set number of days (67%), to vary start and finish times (59%) and to work from home (47%).

Figure 6: Types of flexible working arrangements used by employed people aged 55 years and over in past 12 months (%), by sex, Queensland, 2010⁴²

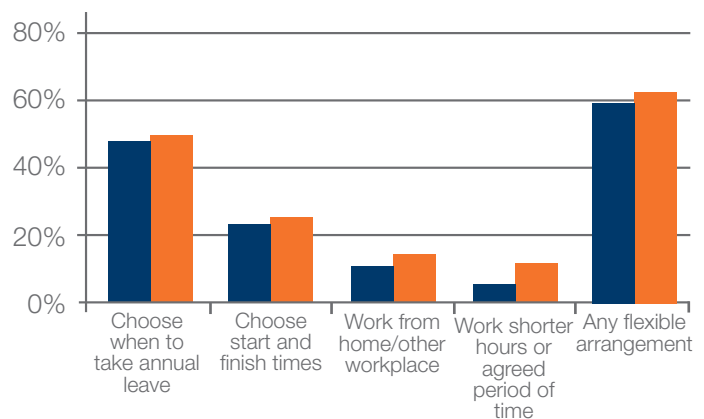
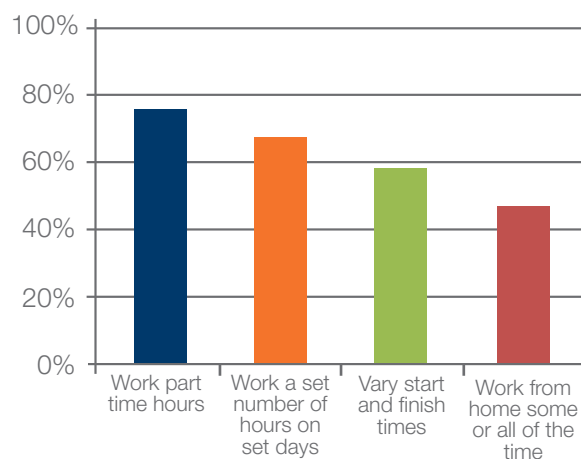


Figure 7: Percentage of people age 55-69 years who wanted paid work, were available to start work but not actively looking work, stating that flexible working hours incentives would encourage them to join the labour force, 2008-09



Current Responses

Current responses addressing the flexibility of employment arrangements include:

- The 'Investing in Experience' Employment Charter and Tool Kit provide employers with information to help them implement positive age management practices in their organisation, including through the introduction of flexible work options. The Charter and Tool Kit are being promoted to employers, including through workshops delivered by the Australian Industry Group.
- The 'Investing in Experience' Corporate Champions project delivers individual support to up to 20 employers to help them implement positive age management practices over a 12 month period.
- The National Employment Standards allow parents or carers of a child under school age or of a child under 18 with a disability, to request a change in working arrangements (flexible working arrangements) to assist with the child's care.

Awards or agreements may also provide for additional conditions flexible employment arrangements. It is possible for these matters to be dealt within individual flexibility arrangements made between an employer and individual employees.

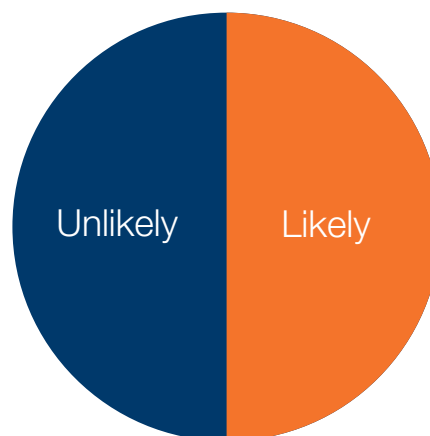
Superannuation

The OECD has stated that Australia's superannuation system has helped it to be better placed than many other Western countries to cope with population ageing.⁴³ However, the availability of superannuation can be a disincentive for mature age Australians participating in the labour force. To help remove this disincentive to working longer, the Federal Government has made changes to superannuation rules in recent years, including increasing the preservation age, allowing people who continue to work to access their superannuation and making superannuation income from a taxed source tax-free for people over 60 years.

Evidence

A survey conducted in 2006 revealed that 95% of respondents aged 40-59 were aware of the removal of tax on superannuation for those over 60 years.⁴⁴ Further, approximately half indicated that the measure is likely to persuade them to remain working until after age 60 (see Figure 8). In contrast, only half of respondents were aware or very aware of the Transition to Retirement Measure allowing people to work and access superannuation. Two-thirds of people stated that use of this option is unlikely. Further, 75% of those in older age groups stated their use of this measure is unlikely, despite having highest awareness and being closest to eligibility age.

Figure 8: Distribution of people aged 40-59 years stating removal of tax on superannuation for people over 60 years is likely or unlikely to keep them in the labour force, 2006⁴⁵



Current responses

There are free services available to people to assist them understand their superannuation, make financial plans and make a more gradual transition to retirement, including:

- The Centrelink Financial Information Service
- The National Information Centre on Retirement Income, and
- The Money Smart website.

Tax-transfer system

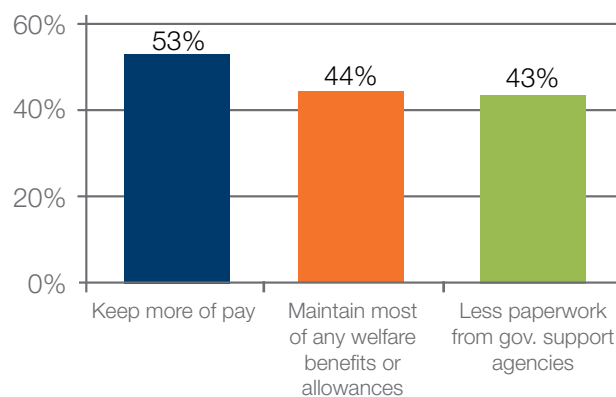
There are a number of payments available to mature age Australians both above and below the Age Pension qualifying age. In Australia there is evidence that the tax-transfer system is complex and acts as a disincentive for mature age people to work. In particular, the income support system also makes it difficult for people to engage in both paid work and caring responsibilities. Research has found that one in five pensioners who wanted to work declined part-time employment opportunities because it would cause a reduction in Pension entitlements.⁴⁶ In the 2009/10 Federal Budget the Government announced an increase in the Age Pension eligibility age to 67 years, at a rate of six months every two years, beginning in 2017, to encourage greater employment participation. Incentives such as the Mature Age Worker's Tax Offset are also available.

Evidence

Mature age Australians state that incentives to keep more of their pay (53%), maintain most of their welfare benefits or allowances (44%) and have less paperwork from Government support agencies (43%) as important or very important for them to consider joining the labour force (see Figure 9).

A report by the NSW Ministerial Advisory Committee on Ageing based on the Australian Survey of Retirement Attitudes and Motivations found that 80% of people aged 40-59 years stated that an incentive to increase the amount of income an Age Pensioner can earn before their pension is reduced to be either acceptable (46%) or very acceptable (34%).

Figure 9: Percentage of people age 55-69 years who wanted paid work, were available to start work but not actively looking work by incentives encouraging them to join the labour force, 2008-09⁴⁷



Current Responses

The Newstart Allowance is designed to ensure that unemployed people receive an adequate level of income and participate in activities designed to increase their chances of finding work. Recipients aged 55 years and over are able to satisfy their participation requirements through 30 hours per fortnight of voluntary work and/or part-time work. Job seekers who are satisfying their activity test requirements are not required to look for any additional work, report job searches to Centrelink or participate in any other activity. They are still obliged to accept suitable paid work (either full time or an increase in hours) or a referral to a job interviews. Job seekers who choose the voluntary/part-time option are generally unemployed for much longer than those who actively look for a job, according to DEEWR data.

The present responses also include changes to the Disability Support Pension (DSP) in the 2011 Budget to encourage greater participation. From 1 July 2012 DSP recipients will be able to work up to 30 hours a week for up to two years and keep receiving a part-pension if their income remains below the cut-off point.

The Carers Payment and Parenting Payment are also current responses relevant to the tax-transfer system; please see the 'Care-giving responsibilities' section for details of these payments.

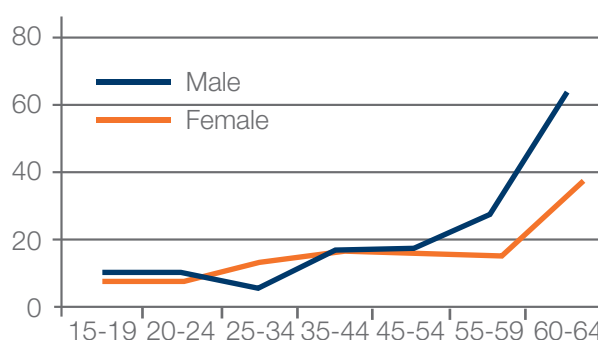
Re-entry of the Very Long-Term Unemployed

Very long-term unemployment (VLTU) is defined as unemployment of 24 months or more in duration. Structural changes to the economy in recent decades have led to significant changes in the kinds of skills in demand, such as up-to-date computer-based skills. Many low-skilled mature age workers either have been displaced or were forced to undertake voluntary retirement, while many unemployed mature age job seekers have experienced long term difficulties in re-entering the workforce. Around 24 per cent of very long-term unemployed job seekers registered with Job Services Australia are 50 years and over, while mature age job seekers aged 55 years and over experience an average duration of unemployment of 73 weeks compared to 37 weeks for job seekers aged 25-44.^{48,49}

Evidence

Results from the 2011 ABS Labour Force Survey showed the share of VLTU of the total unemployed in Australia increased significantly with age, especially for females. At age 60-64, almost 40% of unemployed people at this age have been unemployed for longer than 24 months (see Figure 10). For females, the long-term unemployed comprise over 60% of the unemployed at this age.

Figure 10: Long Term Unemployed as a percentage of Unemployed within each age group, February 2011⁵⁰



Current responses

There were a number of initiatives to support very long-term unemployed job seekers announced in the 2011 Budget:

- A requirement for very long-term unemployed job seekers to undertake activities for 11 months per year from their second year of the work experience phase to ensure job seekers are constantly engaged in activities designed to help them secure a job. These job seekers will be supported by additional funding so that Job Services Australia providers can provide additional assistance to each job seeker. This funding will support skills based work experience activities
- A wage subsidy of around \$6000 for 6 months to employers who take on and retain a job seeker who has been on income support for two years or more
- 20 pilot projects for Job Services Australia providers will model potential enhancements to Stream 4 (highly disadvantaged job seekers) service delivery.

Under the current contract, after approximately 12 months in Stream Services, an assessment is conducted for each job seeker which may result in movement into a higher stream or the Work Experience Phase. Job seekers aged 50 years and over who enter the

Work Experience phase, do not have any requirement to participate in an activity although they may choose to do so if they wish. All job seekers under the age of 60 may be referred to Full Time Work for the Dole if the provider feels that this is of benefit.

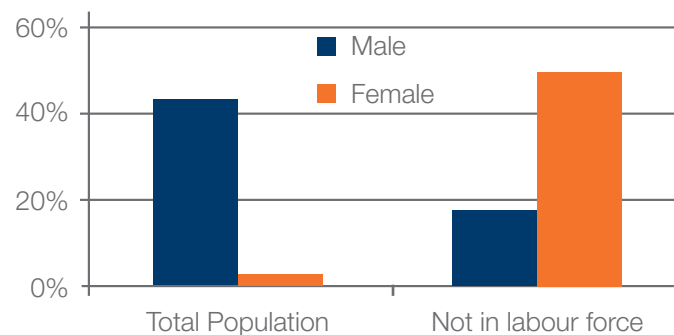
Mental Health

The connections between mental illness and early retirement, job loss, unemployment, or difficulties re-entering employment have been identified in several Australian studies.^{51,52} It has been estimated that the annual costs in Australia of depression in the workforce are \$12.6 billion, with much due to lost productivity and job turnover.⁵³ One study found that mental illness had a larger impact on labour force participation than heart disease and diabetes.⁵⁴ Further, in 2003 about half of all Australians aged 45-64 who were not in labour force were reported having a form of long-term mental or behavioural disorders.⁵⁵

Evidence

Evidence from Australia demonstrates the negative impact of mental and behavioural disorders on labour force participation (see Figure 11). Just over half of people not in the labour force aged 45-64 years have a mental or behavioural disorder, compared with only 3% of the total population in this age group.⁵⁶

Figure 11: Long-term health conditions and mental illness among Australians aged 45–64 years 2003 compared with those not in labour force, 2003⁵⁷



Current Responses

The National Mental Health Policy provides an overarching vision and intent for the mental health system in Australia. The Fourth National Mental Health Plan 2009-14 has been developed to further guide reform and identifies key actions that can make meaningful progress towards fulfilling the vision of the policy. The 2011 Federal Budget \$2.2 billion mental health package included wage subsidies of \$3000 to employers who employ people with disability and measures to encourage

Disability Support Pension (DSP) recipients, back into work, where they have some work capacity. Job Services Australia provides specialist services for job seekers who experience additional barriers to employment including mental health issues. Disability Employment Services provide services for job seekers with disability including mental health conditions. Once placed in a job, providers will continue to support job seekers for at least 26 weeks or longer if required. Experience+ On the Job Support, delivered through Disability Employment Services, provides face-to-face support and training for mature age workers who have a health condition (including a mental health condition) that is placing their job at risk.

Job Access is a free information and advice service that provides advice to job seekers and workers with disability, including mental illness, and their employers. Also available is the Employment Assistance Fund, which is a pool of funds to pay for the cost of special workplace equipment, services, mental health awareness training and modifications that for employees with disability, including mental illness.

Job Search Assistance

The availability of appropriate job search assistance is important in determining whether mature age Australians can find employment. Mature age job seekers can have trouble finding employment because of outdated job search skills, having skills and knowledge that are not in demand in the present labour market and facing age discrimination.⁵⁸ This can discourage mature age workers from seeking employment, or to settle for “any job” rather than more appropriate work. Programs providing job search assistance that are tailored to older workers and linked to local labour markets are especially important.⁵⁹ Job Services Australia places job seekers into one of four Streams, based on their level of disadvantage. Stream 1 is for the more job ready job seekers, up to Stream 4 for the most highly disadvantaged job seekers with multiple vocational and non-vocational barriers. Services within each stream are tailored to the individual needs and circumstances of each job seeker.

Evidence

Table 5 shows that a higher proportion of job seekers aged 55 years and over are classified as being at significant disadvantage (38%), which is Stream 3 of Job Services Australia, compared with all job seekers (25%). Further, a lower proportion of mature age job seekers (15%) are in Stream 1, which provides a less intensive level of assistance, compared with all job seekers (23%).

Table 5: Job Services Australia caseload by stream (as at end May 2011)

	Stream 1	Stream 2	Stream 3	Stream 4	Other
Age 55+	15%	28%	38%	14%	4%
All Job seekers	23%	27%	25%	21%	3%

Current responses

The 2011 Budget included an additional investment of \$8.5 million over four years to strengthen employment services. \$94.6 million was also provided for a wage subsidy of around \$6,000 for 6 months to employers who take on and retain a job seeker who has been on income support for two years or more. This may benefit approximately 35,000 job seekers including those of mature age who represent around 24 per cent of the very long-term unemployed.

Job Transition Support is available for workers aged 50 years and over who live or were working in a Priority Employment Area and who were made redundant from 1 January 2011. They can access a minimum of Stream 2 assistance through Job Services Australia, including those who are not eligible for income support.

Free, professional career advice by telephone and email is available for all Australians aged 45 years and over through Experience+ Career Advice. Career Advisers help job seekers identify and market their transferable skills, improve their resume and develop a plan of action to assist them.

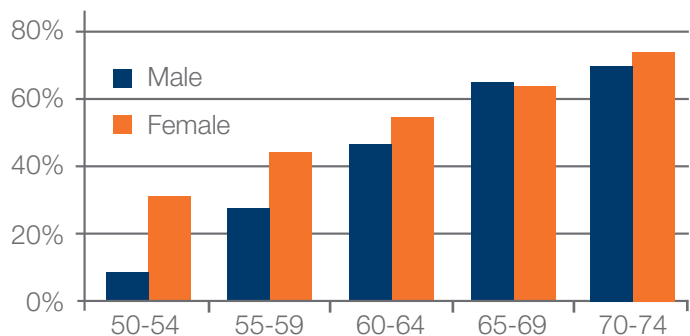
Leisure Time Trade-off

Efforts to increase employment participation of mature-age Australians are challenged by a tendency for many to retire early because of the attractiveness of leisure activities such as travel or spending more time with family and friends. Attitudes within the community have been broadly supportive of early retirement for many years and, along with Government policy, have reinforced the trend to early retirement.⁶⁰ Early retirement has a detrimental effect on the Australian economy because the skills and knowledge of mature-age people can make a substantial contribution to productivity, as well as mentoring younger workers.⁶¹ Further, those who retire early are commonly the most skilled members of the labour force, and so these have a particularly large impact on exacerbating skills shortages.

Evidence

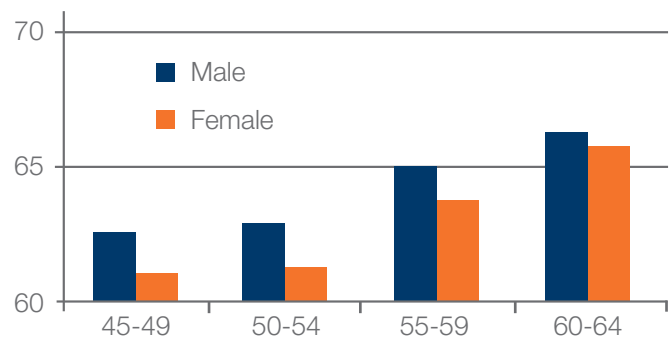
The proportion of people not in the labour force because of satisfaction with their current arrangement or retirement increases with age, reaching over 60% at ages 65 years and over and over 40% at age 60-64 years (see Figure 13). A far smaller proportion of males in their fifties state these as reasons for not wanting to work. Such responses indicate that a significant proportion of people have chosen to retire. This barrier is likely to be a very significant, and also difficult to overcome.

Figure 13: Respondents age 50-74 years reporting satisfaction with current arrangements or retired from full-time work as main reason for not wanting to work (% of those not in labour force and not wanting to work), by age and sex, 2008-09⁶²



The stated retirement intentions of Australians reveal that for those aged below 60 years intend on average to retire before age 65 years (see Figure 14). Only at age 60 and above do people intend to retire at over age 65 years (males 66.2 years, females 65.8 years). This evidence suggests that the idea of retiring before 65 years is entrenched in younger mature age Australians.

Figure 14: Average age people age 45-64 years in labour force intend to retire, by age and sex, 2008-09⁶³



Current Responses

The Experience+ Career Advice can help mature age people develop a transition to retirement plan which may encourage a more gradual transition to retirement. The Career Advisers recognise that a 'career' spans both paid and unpaid employment, learning and training across the life span.

The Centrelink Financial Information Service, the National Information Centre on Retirement Income and the Money Smart website are free services that allow mature age people to plan ahead so that they can make informed decisions in the lead up to retirement. Understanding the options and incentives available to work beyond retirement can delay a person's decision to retire or encourage a more gradual transition to retirement. Flexible employment arrangements can also be provided for by awards or agreements between the employer and employee, including in relation to hours of work.

Workplace Barriers

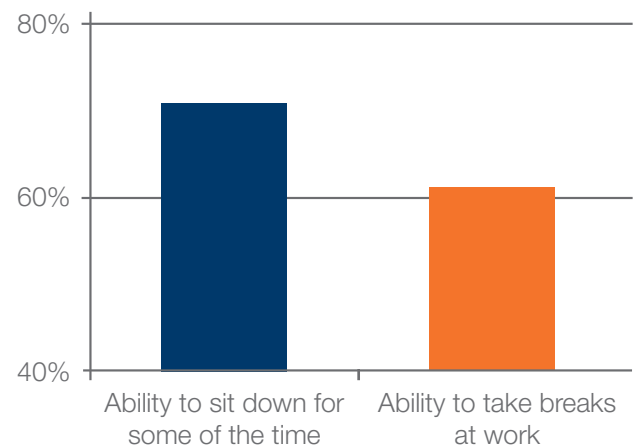
Physically demanding occupations or those with difficult conditions are major barriers for many mature age people joining the workforce, and contribute to early retirement. Improving the quality of the working environment not only attracts mature age people into the workforce, but also it can increase longevity in employment. The creation of roles and work practices specific to mature age workers, such as the creation of more ergonomic working conditions, has been suggested as a means to recruit and retain such employees.⁶⁴

Evidence

The majority of respondents aged 55-69 years in the ABS Multi-Purpose Household Survey stated that being able to sit down and take breaks at work are either important or very important incentives to them to join the labour force (see Figure 15). Such incentives are especially important for people working in manual or labouring occupations.

Other research using data from the Australian Survey of Retirement Attitudes and Motivations found that 67% of 40-59 year olds find a policy incentive to make more jobs available that accommodate the physical abilities or restrictions of older workers either very acceptable (22%) or acceptable (45%).⁶⁵

Figure 15: Percentage of people age 55-69 years who wanted paid work, were available to start work but not actively looking work by incentives encouraging them to join the labour force, 2008-09



Current responses

A number of services are available to employers and employees to help reduce workplace barriers. These include:

- The 'Investing in Experience' Employment Charter and Tool Kit provide employers with information to help them implement positive age management practices in their organisation. The Charter and Tool Kit are being promoted to employers, including through workshops delivered by Australian Industry Group. The workshops include a module on OHS and adjustments that can be made in the workplace to accommodate workers with health conditions, injury or disability. The workshops provide employers with hints and tips to address risks and to create workplaces that can prolong the contribution of all employees.
- The 'Investing in Experience' Corporate Champions project will deliver one-on-one support to up to 20 employers to help them implement positive age management practices over a 12 month period, resulting in detailed case studies.
- Job Access is a free information and advice service that provides advice to job seekers and workers with health conditions, injury or disability, and their employers. The Advisers can provide advice about flexible work arrangements and workplace adjustments, and can arrange a free workplace assessment to help remove barriers in the workplace for people with health conditions, injury or disability.

- The Employment Assistance Fund is a pool of funds available to pay for the cost of special workplace equipment, services and modifications that for employees with health conditions, injury or disability.
- Experience+ On the Job Support, delivered through Disability Employment Services, provides face-to-face support and training for mature age workers who have a health condition, injury or disability that is placing their job at risk. On the Job Support can include a workplace assessment, workplace adjustments, advice about job redesign, and help and training to negotiate (with consent) a change of role within the organisation.
- Job Transition Support provides 12 months of training and assistance through Stream 2 of Job Services Australia to existing mature age workers who want to move out of a physically demanding role into a less physically demanding role with the same employer or with a new employer. Job Transition Support is limited to those living or working in Priority Employment Areas.

CONCLUDING COMMENTS

Increasing the labour force participation of mature age people is a means of overcoming the economic challenges of an ageing population in Australia. As discussed in this report, the different components of population ageing (numerical, structural, timing and locational) pose important planning priorities for industry and government, specifically in relation to labour supply. Through increased mature age labour force participation, much can be done to offset some of the negative consequences of population ageing. However, to achieve this goal, consideration needs to be given to the multiple barriers to the continued labour force participation of many mature age Australians.

This report has explored the barriers that exist to mature age employment in Australia. A comprehensive review of the literature identified 14 barriers to mature age employment including: discrimination in employment on the basis of age, care-giving responsibilities, flexibility of employment arrangements, issues around private recruitment firm practices, job search assistance, leisure time trade-off, mental health barriers, mismatch of skills and experience with industry demands, physical illness, injury and disability, re-entry issues barriers of the VLTU (Very Long-Term Unemployed), re-training and up-skilling barriers, superannuation, tax-transfer system, and workplace barriers.

It is important to note that the barriers presented in this paper are not independent of each other. Rather, many are interrelated and policy responses need to recognise this complex reality. As such, responses to these barriers need to involve many stakeholders, including government, employer organisations, employers, trade unions as well as mature age people. More generally, the number of current responses to improving access of mature Australians to the workforce is significant and, in some cases, overlap. Greater awareness of these programs, in particular the Experience+ suite of programs, would promote the viability of re-training and re-skilling mature age employees. The development of training packages specific to the mature age cohort would also be of benefit, particularly those focussed on improving IT capacity. A review of the mature age participation requirements for some Government transfer payments would also be useful in examining incentives to work.

Development of appropriate responses should be informed by a strong evidence base. The Productive Ageing Centre is currently involved in the development of a national nature and prevalence survey of the key barriers to labour force participation of mature age Australians. Once complete, these data will help policymakers quantify the relative strength of each barrier and the degree to which they interact. Further, the survey will provide information on demographic, socio-economic and spatial correlates of these barriers to provide strong evidence for the specific targeting of interventions to overcome these barriers.

Although barriers to mature age participation are significant, Australia's level of mature age participation has improved considerably in the past decade compared to other OECD countries. However, the level of mature age participation in Australia remains below that of New Zealand, particularly in the oldest age groups.

Therefore interventions informed by a strong evidence base can ensure that the Australian economy will fully benefit from the skills, experience and mentoring abilities offered by mature age workers.

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Appendix A

Members of the Consultative Forum on Mature Age Participation

Mr Everald Compton, Chair of the Consultative Forum on Mature Age Participation

Mr Michael O'Neill, Chief Executive Officer, National Seniors Australia

Mr Ian Yates AM, Chief Executive Officer, Council on the Ageing Australia

Ms Val French, President, Older People Speak Out

Mr Stephen Bolton, Senior Advisor, Employment, Education and Training, Australian Chamber of Commerce and Industry

Ms Jennifer Westacott, Chief Executive, Business Council of Australia

Ms Patricia Neden, Chief Executive Officer, Innovation and Business Industry Skills Australia

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Ms Sally Sinclair, Chief Executive Officer, National Employment Services Association

Ms Heather Ridout, Chief Executive Officer, Australian Industry Group

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Mr David Norris, Member, Older People Speak Out

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