

*COUNCIL ON THE AGEING*



**Submission on Draft Bill to reform  
Section 35 of the  
Workers Rehabilitation and  
Compensation Act 1986**

October 2006

## **Introduction**

South Australia should be preparing now to retain as many older workers and their skills in the workforce for as long as they wish to continue working. Ageing should be a key priority area within the State Strategic Plan and the work of the Economic Development Board, and workforce development through the retention and upskilling of older workers should be a prime economic focus for this Government. The inclusion of workforce as one of a number of matters in the ageing plan released by the Department for Families and Communities does not indicate a strategic and comprehensive approach to economic and workforce development by the Government.

## **South Australia's declining workforce**

South Australia has an old population that continues to age. In 2005 people aged over 65 years made up 15.2% of the State's population, compared with 14.5% in 2000. South Australia continues to have the oldest median age in Australia; 38.8 years in 2005 rising to 47.9 years in 2050<sup>1</sup>.

In 2001, 22.3% of the workforce - that is, close to one quarter of the workforce - was aged over 50 years. ABS data shows that the State's working aged population [15-64 years] will peak in 2011, five years from now. However, the State Government continues to think of older South Australians as some sort of special needs group that drains, rather than contributes intrinsically, in the workplace and in cultural, civic and sporting arenas, to the State's economy and community.

Exacerbating the declining numbers of people aged 15-64 years is the tendency of South Australians to retire earlier than our interstate counterparts. The median retirement age nationally is 55. In 2001, male workforce participation rate at age 55-59 was 69.6% in South Australia compared to 70.4% nationally.

Given current life expectancies, these workers may live a further 30 years, whereas retirement averaged only around two years when the concept was introduced at the beginning of last century. Workplaces will have little choice but to adapt to the labour market demands of older workers in the very near future. The State Government could usefully take a more comprehensive lead in assisting employers and industry to accommodate the active and ongoing contribution of older South Australian workers.

## **Skill shortages**

Overall there is a slowdown in the number of younger people entering the workforce and an increase in the number of older people exiting the workforce, with the result that skills shortages are emerging.

There is much discussion about where South Australia will find the skilled workforce for new mining ventures and for the high tech engineering ventures such as building destroyers. However, the really critical issues are where we

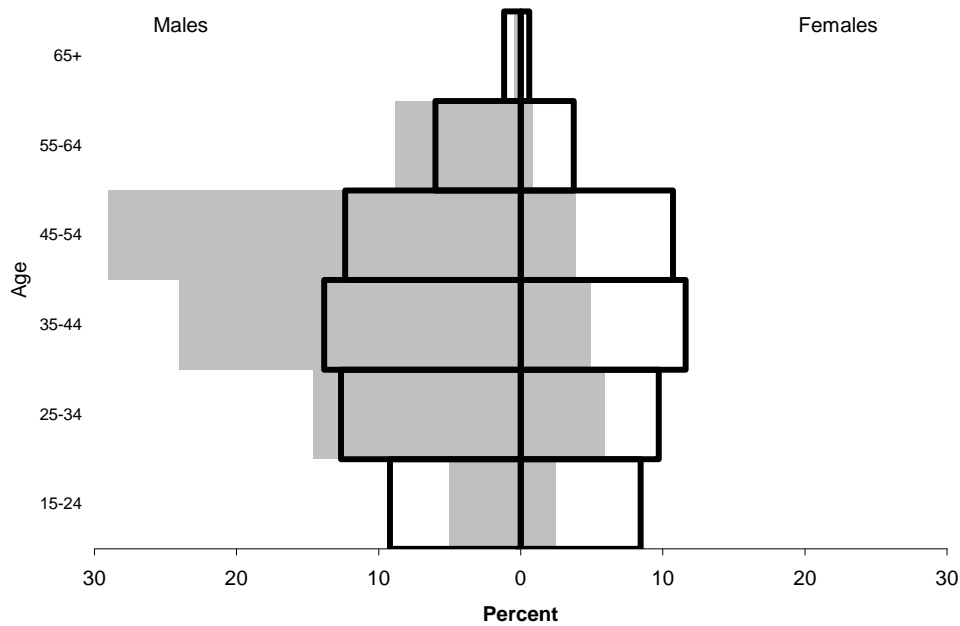
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<sup>1</sup> Australian Bureau of Statistics 2004 Australian Social Trends South Australian Snapshot

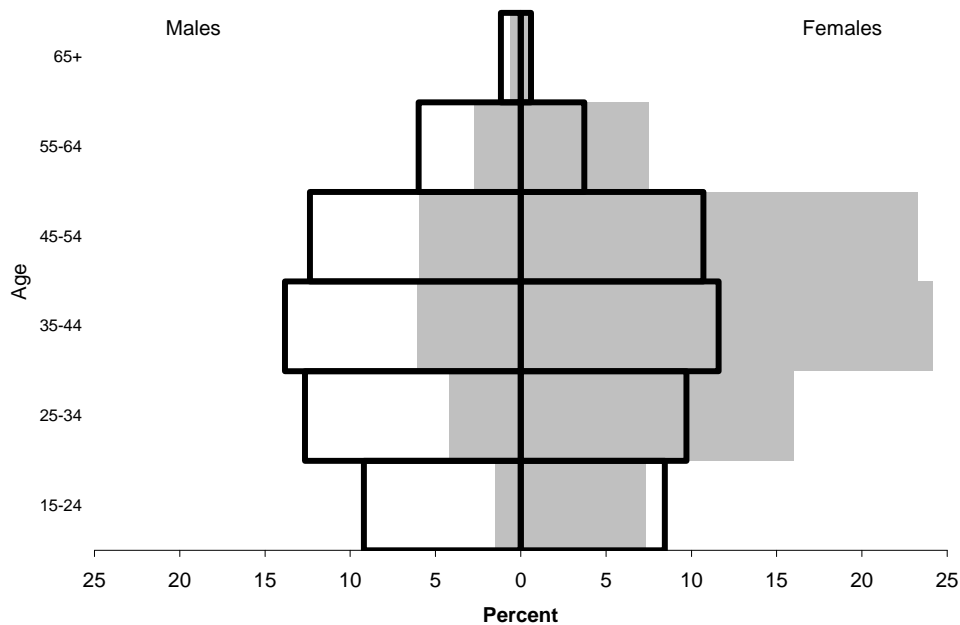
going to find the people to staff our hospitals, our aged care facilities, and even our utility companies.

The work of Professor Graeme Hugo and others clearly shows the impending shortage of workers in a number of key areas of industry. The following graphs show the age structure of the South Australian Energy/Water, and Health, workforces.

**Electricity, Gas and Water Supply (shaded) and South Australia Workforce**



**Health & Community Services (shaded) and South Australia Workforce**



Graphs: Graeme Hugo, Federation Fellow, Professor of Geography and Director, National Centre for Social Applications of GIS, University of Adelaide— paper presented to COTA Strategic Planning Workshop 31 July 2006

These graphs clearly illustrate that worrying proportions of these workforces are likely to retire over the coming 10 years and beyond. This pattern is reflected across key areas of our workforce and the effects are being felt now [eg Police recruiting failure, The Advertiser, 20 October 2006]. If South Australia is to continue to be able to meet the daily living needs of its own people, let alone prosper, the State Government needs to be acting comprehensively now to create a climate in which older people choose to remain active in our workforce, and impediments to this are removed.

### **Equal rights and opportunities for all workers irrespective of age**

The proposed amendments remove some of the disincentives for older workers to remain working and for employers to employ them. But they are too little and too late in the lifecycle of a worker. There should be no distinction between older workers and the rest of the workforce. In addition a comprehensive approach to retaining the skills of older workers would include strategies to address inequities in superannuation fund payment arrangements when people are in receipt of compensation, and in the provision of training and professional development for older workers.

### De facto retirement age

South Australia does not have a retirement age and has not done so since legislation prohibiting enforced retirement was passed in 1993. It is odd, therefore, that correspondence accompanying the invitation to make submissions on this Bill refers to WorkCover entitlements being made to workers who are 'within 2 years of retirement age'. It is to be hoped that this is not indicative of the rationale underpinning policy and legislation relating to the payment of compensation to older workers.

Effectively the proposed legislative amendments shift a de facto retirement age of 65 up to 70 years, but do not remove those aspects of workplace practice that limit workers capacity to contribute as they age.

### Lack of superannuation

There are many people in the workforce who have not had substantial superannuation for long periods of time. There are people who have been in and out of the workforce. Many workers who have been on WorkCover payments have had their superannuation earnings interrupted, as have people who have been unemployed. These and other older people would really appreciate the opportunity to continue in the workforce if they were not disadvantaged relative to workers of other ages.

### Training

Disincentives to remain active in the workforce are not just something that happen in the last few years of working life. COTA is continually told that people in their 40s and 50s are refused opportunities for career development.

There is still a lot of age discrimination, including practices such as limited access to training and re-skilling compared to younger workers.

Good practice in training means ensuring that older workers are not neglected in training and career development. Opportunities should be offered throughout working life, and training methods should be age-appropriate. Positive action to address the outcomes for the workforce of past discriminatory practices will be required to increase the numbers of skilled workers available to our employers. Such opportunities maintain interest in work and support people to move to areas of work that are more suited to them as they age. People need to be skilled up, and this needs to happen well in advance of retirement age.

COTA will be responding to this issue as part of the current review by Government of the Training and Skills Development Act 2003.

### **Healthy workplaces**

COTA argues that a comprehensive approach to workplace health extends beyond the current approach to occupational health and safety. In Australia today, the emphasis tends to be on occupational safety rather than occupational health, with a focus on acute conditions including injury and accident. In European nations, a raft of work environment and organisational dynamics initiatives has increased the ability of workplaces to retain and attract older workers. For example an assessment of the Finnish National Program on Ageing Workers [FINPAW] showed that improving people's general functioning ability and well being at work can extend their working life.<sup>2</sup> If South Australia were to shift to an emphasis on workers health and well being across their working life span, like Europe, we could begin to maintain and even improve capacity in the workplace as workers age.

Opening the Window on Existing Opportunities: Identifying Barriers to the Workforce Participation of People over 45 years, a discussion paper released by the Department for Further Education, Employment, Science and Technology in September 2005 argues that there is a role for government to take a leading role in workforce development and the retention of older workers. This includes assistance to employers, particularly in smaller enterprises where there is limited access to specialised human resource services, to redesign workplace practices to reflect the needs of an older workforce.

### **Addressing injury and illness**

Older workers have fewer accidents. However, the extent of injury is often more severe than among younger workers, with the potential, therefore for longer recovery times and more costly rehabilitation. Younger workers more commonly suffer eye and hand injuries. Older workers report more muscular-

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<sup>2</sup> FINPAW Discussion Paper 2003

skeletal injuries, reflecting degeneration of the longer periods in which they have been in the workforce.

The Australian Bureau of Statistics Retirement and Retirement Intentions Survey records that the most common factors reported about workers intentions to retire from the workforce were:

- Personal health or physical abilities [40%]
- Financial security [36%]
- Reaching an age at which they are eligible for government or service pensions [15%]

Research reported by the Business, Work and Ageing organisation records that 30% of Australian workers leave the workforce after age 45 through incapacity from illness or injury. Other research identifies poor ergonomics as a major work-related cause of premature decline in capacity to work. Healthier workplaces for workers of all ages will increase the capabilities of workers as well as increasing the retention of older workers.

### **Recommendations to Government**

Ageing should be a key priority area within the State Strategic Plan and for the Economic Development Board, and workforce development through the retention and upskilling of older workers should be a prime economic focus for this Government.

COTA has been working with employers to develop a tool kit to make their workplaces more age friendly. This work has been with the small and medium enterprises that form the bulk of employers in South Australia. Government could contribute to this work by helping promote, extend and further develop tools and resources for such employers and their industries.

The State Government should model the enhancement of the workability of its own workplaces for older workers, and set targets for the recruitment, retention and up-skilling of older workers.

COTA would be happy to work with Government to develop and implement further initiatives and identify and promote improved workplace practices for employers to retain older workers.