

Valuing older workers



Preparing your business
for an ageing workforce



Foreword

We live and work in an ageing population.

Mature-aged Australians today are fitter, healthier and more active than any previous generation. Mature-aged Australians run businesses, governments and international organisations. Workers of all ages contribute enormously to our communities and our economies.

One of the challenges facing many businesses at the moment is to adjust to an ageing workforce—and a critical challenge for the Beattie Government is to ensure that Queensland's workforce is equipped to support our economy well into the future. The Queensland Government has been working on this challenge since coming to office in 1998.

Changes to Queensland's vocational education and training system and recent initiatives to address current skills shortages have been strongly influenced by ageing workforce trends. However these measures can only be successful if employers change entrenched recruitment attitudes and practices and recognise the value of older workers.

Unfortunately, the doom and gloom predictions of Queensland's ageing workforce, painted a decade ago, have cemented negative perceptions for some employers. Unless they update their ideas, these employers will not be among the market leaders of the future.

I trust that this booklet will explain the ageing Australian workforce and how you, as an employer, can successfully adapt your business to accommodate changing labour market patterns and remain competitive in the years ahead.

Tom Barton

**Minister for Employment, Training and
Industrial Relations and
Minister for Sport**

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Introduction

Over the next four decades in Australia, the number of people aged over 65 will almost double. Within just seven years, about 85 percent of labour market growth will come from people over the age of 45.

Our ageing population is a reality.

Economic wellbeing, for both governments and individual businesses, depends on keeping older workers employed. Companies that fail to address the ageing workforce issue risk future staff and skill shortages, and any competitive edge they now enjoy.

While it is illegal to discriminate against a person on the basis of age, younger workers have traditionally been the winners in most company recruitment drives. Employers (many of them mature-aged themselves) have tended to be unconcerned about losing the skills, knowledge and experience of older workers.

However attitudes are changing as more companies recognise that in the future there will be fewer young people to employ relative to older people. The current skills shortage reported in Queensland is not a blip in labour supply. It reflects growing competition for the available workforce. Businesses that target recruitment to the prime age group (26 to 40 years) will limit their potential pool to just 20 percent of the working age population.

There are many benefits associated with recruiting older workers.

Studies have shown that people over 45 stay longer in their jobs, contribute to the long-term performance of a company, have low levels of absenteeism and are flexible in their working hours and conditions. Age diversity in an organisation is also widely regarded as a sound business strategy.

Employing and retaining older workers is not just inevitable. Rethinking attitudes that adapt your business to Australia's ageing workforce can translate into significant savings in recruitment, training and productivity.

An 'older' person is generally regarded as someone aged 45 years or over.

Facts and figures



The average age of people in Japan, Sweden and Germany is higher than the average age of Australians. These three countries enjoy high standards of living and strong economies.

Facts and figures

Improved health, greater life expectancy and the trend to smaller families are having a significant impact on the demographic character of Australia and most other industrialised countries.

Population and labour supply

Fertility rates in Australia and Queensland have declined over the past 30 years.

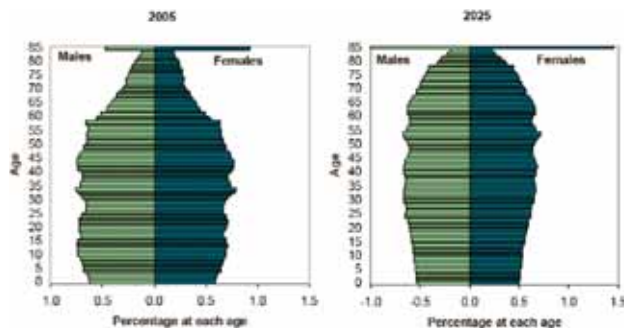
- In the 1960s the fertility rate was 3.43 babies per woman of fertile age. In 2002 the rate had dropped to 1.76, and it is predicted to drop to 1.6 by 2011.*
- The proportion of Australia's population aged over 65 will almost double over the next 40 years—from 13 percent in 2003–04 to 24.5 percent in 2044–45.
- During the same period, the proportion of people aged up to 19 years will decrease—from about 26.9 percent to 19.5 percent. The proportion of those aged 20 to 64 years will drop from 60.3 percent to 54.4 percent.**
- Currently, there are 5.2 people in the potential workforce for every person aged 65 or more years (an age dependency ratio of 19 percent). By 2044–45, this will have fallen by more than half, to less than 2.4 (a ratio of 41 percent).

* Australian Bureau of Statistics Cat 3105.0

** Australian Bureau of Statistics figs - DG address to Commerce Qld Feb 2005

The following figure shows the expected changes to occur in Queensland over the next two decades:

Queensland Age Sex Structure 2005 and 2025



Source: Compiled from ABS Catalogue 3222.0, Series B

Labour supply growth is slowing down because of the ageing population—and it will continue to do so.

- Currently, about 52 percent of 55 to 64 year old Australians are employed.
- Currently, 70 percent of Queensland companies report problems finding skilled workers.*
- In the next five years, some 170,000 people will retire from the manufacturing sector, however only 40,000 are being trained to replace them.
- Many older workers retire involuntarily, either through illness or redundancy.**
- In the seven years from 2003–04 to 2010–11, it is predicted that the number of workers available in Australia will increase by about 1 million. The same level of growth is expected to occur in the 21 years between 2023–24 and 2044–45.
- The projected drop in the proportion of the population participating in the national workforce is from about 63.5 percent in 2003–04 to 56.3 percent by 2044–45. Queensland figures are slightly higher (about 64.8 percent in 2003–04 dropping to 57.4 per cent by 2044–45).***

*from Australia's Skills Gap Costly, Wasteful and Widespread A report on the nature and depth of skills shortages in manufacturing Ai Group economics September 2004

**from Training to Prevent Exclusion of Older Workers—Megan O'Connell, Centre for Public Policy University of Melbourne

***Economic Implications of an Ageing Australia—Productivity Commission 2005; and Australian Bureau of Statistics—Population Projections, Australia Catalogue No. 3222.0

Implications

While the full effects of the ageing population will not be felt for several decades, there are serious implications for business and industry that choose to be complacent.

- There will be greater competition in the workforce for younger people as growth in the 'prime age' workforce (26 to 40 years) continues to slow.*
- Businesses with a high proportion of mature age workers may experience a significant loss of people and corporate knowledge as employees reach retirement age. This may leave businesses with large numbers of younger people without the corporate knowledge or experience to provide a broad overview of the organisation, affecting performance and competitiveness.**
- Failure to increase participation and make best possible use of the available labour force will make it more difficult to address the skills shortage. This will result in a slowing of economic growth for both Australia and businesses.
- There will be a dramatic increase in the financial burden on those who are working because of increased government spending on retirement benefits, health and aged care associated with the ageing population.***

*Paraphrase—The Age Quake

**Paraphrase—The Age Quake

***from Training to Prevent the Exclusion of Older Workers – Megan O'Connell, Centre for Public Policy, University of Melbourne

Myth busters



Older Australians represent the fastest-growing, most affluent segment of the consumer market—and older customers may prefer to deal with people who are similar to them and understand their needs.

Myth busters

“The myth of ageism—there are vital older people and worn out younger people.”

Some employers worry that older workers are less willing to change, more difficult to train, and take more time off for health reasons than younger workers. However research in Australia and overseas reveals that this isn't the case.

Myth: You can't teach an 'old dog' new tricks.

Research has found that the skills and experience of many older workers are particularly appropriate to the growing number of knowledge and service-based industry positions. These positions tend to favour people with the ability to capitalise on broader life and work experience.

Studies of older people in the workforce have also found that they are flexible in their working hours and conditions, and have good coping skills when faced with change.

Myth: Training older people close to retirement age provides limited return on training investment.

Information from the National Centre for Vocational Education and Research shows that qualifications acquired later in life have as good, and in some cases better, pay-off than qualifications obtained at a younger age.

The turnover rates among older workers are not necessarily greater than those of younger people who may change jobs frequently as part of their career progression. However with the pace of technological and organisational changes, a skilled person will be in demand what ever their age.

Myth: There is a strong link between ageing and mental decline.

Studies show that the rate of mental decline commonly associated with ageing is greatly exaggerated.



Myth: Older people don't have the same motivation and productivity of younger workers.

Studies have dispelled adverse perceptions and concerns about the productivity, adaptability and motivation of older workers because they have found that older workers have the advantage of greater experience and maturity, commitment to their work and a highly developed work ethic .

Myth: Older people don't have the same commitment to a company as a younger person carving a career path.

In fact, people over the age of 45 tend to stay with an employer 2.4 times as long as younger employees. Older people can bring reliability and loyalty to an organisation.

Myth: Older workers have higher accident rates and take off more time off work for health-related reasons.

In other countries it has been shown that older workers suffer a higher incidence of stress and strain-related injuries. Those who are injured at work tend to suffer more severe injuries that require longer recovery time.

However studies have found that in most occupations, mature workers have a lower accident rate and a lower absenteeism rate.

Myth: Performance suffers with age.

Swinburne University conducted studies that showed that older workers deliver high quality performance, and this encourages higher standards in younger workers.

Compared with previous generations, mature-aged workers today have far greater capacity to work beyond retirement age because they are healthier and the nature of most work is less physically demanding.

Myth: Most older people can't cope with new technology.

Older people are the fastest growing group of internet users, however they need to learn new technology-based skills at their own pace.



Case studies



Case studies—older worker programs

Some businesses are already benefiting from employing older workers, as demonstrated by these case studies...



Case studies older worker programs

Lake Barrine Cruises and Teahouse

This business employs 20 staff, mostly on a permanent part-time basis. About two-thirds of the workforce are aged 40 or over—and most are long-term employees.

Owners Leanne and Bill Curry-Bayne have found older employees tend to provide a stable workforce. More importantly, they find older staff relate well to customers.

Bill and Leanne said they made a conscious decision to operate their business in a way that allowed employees to have the flexibility to meet family and other obligations. In return, their staff give a high level of commitment and are always willing to respond to unexpected demands of the business.

Brisbane Transport—Brisbane City Council

Brisbane Transport employs about 1,300 bus drivers—and while there is no policy to recruit older drivers, most new staff are over 40 years of age. Some are older than 65.

Many drivers have had demanding senior roles in earlier careers and enjoy the reduced level of responsibility and flexible work arrangements that fit their lifestyles. Brisbane Transport reports that older drivers provide a reliable, stable, low maintenance workforce and that they relate well to the public.

AdelsGrove Caravan Park and Camping Ground—remote North Western Queensland

During peak season this outback business employs about 14 staff. At times, up to 85 percent of its workforce are mature age employees.

Many staff members are ‘passing through’ as they travel around Australia, and are happy to stop and work throughout the tourist season.

Owner Michelle Low Mow lists a number of sound reasons for employing older workers: “About 90 percent of our clients are retired people, and older workers relate perfectly to them and understand their needs. Our older staff also have a mature approach to their work and bring a variety of skills and experience. We have far less staff turnover than with younger employees.”

Community Solutions—a community-based organisation (with centres in Hervey Bay, Maryborough and Bundaberg) that provides training and job placement

This organisation employs a number of mature aged workers as well as training and placing about 400 (mostly women) during the past 12 months.

These placements were in the retail, hospitality and manufacturing industries, and included both full and part-time positions.

Community Solutions Manager of Support Services, Mark Hollis, said many employers valued older workers because of their maturity, loyalty, ability to make informed decisions based on life experience, and their willingness to learn: “Our experience is that older workers are keen to learn new skills, they adapt quickly to new situations and they are reliable employees with low turnover.”

Your legal responsibilities

Consider what an older person can offer you:

- You own a hardware store and a 55 year old former builder applies for a counter job.
- You sell a wide range of aids for older people and you want a sales assistant who can relate to your customers.



Older Australians represent the fastest-growing, most affluent segment of the consumer market—and older customers may prefer to deal with people who are similar to them and understand their needs.

Your legal responsibilities

Employment

Discriminating against someone on the basis of age is unlawful in Queensland.

The *Anti-Discrimination Act 1991* was introduced to “promote equality of opportunity for everyone by protecting them from unfair discrimination in certain areas of activity...”

When interviewing job applicants, considering who to promote, allocating training, or planning to downsize your business through redundancy, you must not make a decision based on someone’s age.

Workplace health and safety

Under the *Workplace Health and Safety Act 1995*, Queensland employers have an obligation to ensure the workplace health and safety of all workers (regardless of age and fitness), visitors and customers.

You are responsible for providing:

- safe work areas, machinery and equipment
- information, instruction, training and supervision
- personal protective equipment.

As an employer, you must also have workers’ compensation insurance to ensure that an employee injured at work receives financial support.

How to adapt your business to the ageing workforce



Adapting your business to the ageing workforce requires commitment to an age-balanced workforce rather than costly modifications.



How to adapt your business to the ageing workforce

Equal Employment Opportunities Policies

Strategy: Create a workplace that provides equal employment opportunities (EEO) for all workers, regardless of age.

- Check that EEO policies address age bias in recruitment, promotion and career development.
- Ensure that age and the assumption of retirement are not factors in managerial decision-making. For example: failing to offer an older worker career development opportunities or redeploying only younger people during a business restructure.
- Strive to create a work environment that respects and values older workers as much as younger workers. For example: involve older workers in brainstorming sessions and meaningful work, or recognise excellence and achievements.

Recruitment

Strategy: Introduce a recruitment strategy so you draw from the widest possible talent pool across all age groups.

- Review recruitment practices to ensure they are free of age bias. To do this, examine the age profiles of candidates and recruits in the past three years and test the level of age awareness amongst those responsible for recruiting staff.
- Train recruitment staff in the benefits of age diversity and ensure they use age-free recruitment practices.
- Identify candidates who share your company's values and objectives, and are right for the job (regardless of age).
- Brief external recruitment agents about your aim to have a workforce with a diversity of ages. Ensure that processes do not disadvantage older or younger applicants.

- Review how positions are advertised and ensure they do not present age bias. Advertisements should focus on the nature of the position and skills required.
- Check that the placement of advertisements attracts the full range of age groups. For example: you may not reach all applicants if you advertise only on your website.
- Review job application forms. Asking for information about an applicant's age may cloud judgement.
- Monitor the age of applicants. This will show the effectiveness of your strategy to attract an age-balanced pool of candidates, and identify any barriers to either younger or older applicants.

Training

Strategy: Introduce an age-balanced skills development program.

- Promote training opportunities to all workers, including incentives.
- Ensure that trainers understand the learning needs of staff, some people may require more time to adapt to formal training courses.
- Implement training programs for workers that provide a friendly supportive environment and allow participants to build on past experiences.
- Modify training for employees with special needs.
- Review induction processes to identify any barriers that exist for older recruits. For example, an older worker may have the skills required but may not be familiar with the latest technology.
- Train managers in managing work teams of differing age groups.
- Introduce a 'buddy' system to support older recruits (especially if these older workers are leading the way in changing workplace attitudes towards a more age-balanced profile). Buddies provide advice, guidance and practical assistance.
- Introduce mentoring and coaching to allow skill transfer between younger and older workers. Mentoring is a one-on-one relationship in which someone supports and encourages another person, and it can benefit older and younger workers.
- Review your training and development policies to ensure they contain a clear statement supporting equal participation in training across all age groups.
- Conduct a skills audit of all employees and invest equally in new skills for older and younger staff.



Flexible work arrangements

Strategy: Create an environment that encourages employees to balance their work and personal responsibilities.

- Develop flexible employment opportunities for older workers, especially those in high-skill occupations or those with carer responsibilities. This can provide a phased transition to retirement and reduced responsibilities at work.
- Create a pool of experienced people who have retired but are willing to work during peak periods or on special projects, replace people on leave or coach new managers.
- Monitor take up rate and impacts of flexible work arrangements. See if an initiative is contributing to improved productivity and meeting the needs of both the business and employees.
- Recognise and manage human nature issues that are often associated when an older worker chooses to work part-time and accept a lower level of responsibility. For example: The older worker may now be 'junior' to a younger worker and the younger worker may feel threatened by the situation. The older worker may feel pressured to provide senior level input in spite of lowered responsibilities.

Flexible working arrangements include

- part-time work
- working from home
- assisted technology or other changes in the workplace
- unpaid leave
- 48/52—an extra four weeks annual leave is available at a reduced weekly salary or wage
- 4/5—work four years for 80 percent of the salary or wage and have the fifth year off at 80 percent
- phased retirement through reduced work hours

Career development

Strategy: Encourage mature age workers, as well as younger workers, to be more flexible about their careers in a changing work environment.

- Implement career planning programs for all workers and promote on merit, not age.
- Place older workers in positions that maximise their long experience and maturity. Include work that provides a sense of significance in the organisation. For example: move an older worker from physically demanding tasks to a supervisory role.
- Ensure that older workers are not overlooked for career progression, however consider options that do not block promotion for younger people. For example: promote 'sideways' or to special projects, provide a wider variety of tasks, or implement mentoring responsibilities.
- Discuss individual career goals with older workers. Some may want promotion opportunities while others (especially those who opt to work part-time) may not want the additional responsibilities that come with promotion.
- Ensure that performance management systems are fair across the workforce.
- Monitor levels of performance for older workers as you would for younger employees (generally through various reporting systems). Do not indulge in positive discrimination by making exceptions for older workers.



Workplace health and safety

Strategy: Maintain a workplace that is healthy and safe for all employees, visitors and customers.

- Ensure that a person (regardless of age) is suited for the task and can carry it out safely.
- Adapt duties to suit older workers. For example: an older worker with reduced physical strength may spend more time operating machinery than labouring.
- Rotate physically demanding or repetitive tasks.
- Provide ergonomically-designed workstations for all employees.
- Regularly assess stress levels of employees and implement stress management training if required.
- Train all employees in injury prevention strategies.
- Ensure that workplace lighting is adequate for the job at hand.

Redundancy policies

Strategy: Implement redundancy policies that do not discriminate.

- Review redundancy policies and ensure they clearly state that employees will not be selected for redundancy on the basis of age.
- Ensure that redundancy selection practices do not indirectly discriminate through the use of other criteria such as part-time working arrangements.

Support programs and services





Support programs and services

The following services and programs assist mature-aged people and their employers to get the most out of the workplace. They are offered by the Departments of Industrial Relations and Employment and Training.

- **Skilling Solutions Queensland**—These innovative ‘one stop shops’ for training and career advice are helping to address skills shortages in industries. For people who want to upgrade skills or find a job, Skilling Solutions offers free access to information about training and career prospects. Adults and mature aged people may be able to gain recognition for their prior learning and experience to jump-start their apprenticeship. Contact Skilling Solutions Queensland at 1300 654 687.
- **Group training organisations**—These not-for-profit organisations employ apprentices and trainees and are responsible for ensuring they receive suitable training and experience. A group training organisation may also be able to help an adult or mature aged person to find an apprenticeship. Contact Group Training Australia, the peak association for group training, on 1800 819 747, or find contact details for individual organisations via the Queensland Department of Employment and Training’s website at www.trainandemploy.qld.gov.au or call 1800 819 747.
- **Other employment assistance**—To find out about apprenticeship opportunities, contact a Job Network member (13 62 68), call an employer directly, apply for advertised apprenticeships, or use personal networks.
- **Employer assistance**—The Australian and Queensland Governments may be able to assist employers intending to employ an apprentice. For further details, visit www.trainandemploy.qld.gov.au or call 1300 369 935.
- **Experience Pays Strategy**—Part of the Queensland Government’s *Breaking the Unemployment Cycle* initiative, the Experience Pays Strategy helps mature age unemployed workers back into jobs through community employment programs and traineeships. For further details visit www.employment.qld.gov.au or call 1300 369 915.
- **New Apprenticeships Centres**—These centres are funded by the Australian Government to facilitate the employment of apprentices and trainees They also have contact with employers seeking apprentices. Contact the centres on 1800 639 629.

- **Department of Employment and Training Regional Offices**—The offices can provide further details about traineeships and apprenticeships and provide a link to Wageline for information about wages and other entitlements in a selected industry. Call the Training Hotline on 1300 369 935.
- **Industrial Relations**—Minimum rates of pay for adult apprentices now exist in the automotive, building, civil construction, electrical, engineering, forestry, printing and plastics industries (which employ about 70 percent of the total apprentices in training). For information, visit www.wageline.qld.gov.au or call 1300 369 945.
- **Fair Go Queensland Advisory Service**—Operators can assist Queensland employers and employees to understand the federal government’s new workplace laws call the hotline on 1300 737 841.
- **Workplace Health and Safety Queensland**—For information about a wide range of workplace health and safety issues, including productive and safe workplaces for an ageing Queensland. Visit the Department of Industrial Relations’ website at www.dir.qld.gov.au or call the Infoline on 1300 369 915.
- **Work and family issues**—For information about the options that employers can negotiate with older workers (such as flexible working hours, part-time work or phased retirement) visit www.dir.qld.gov.au.