

Demographic change, ageing and the workforce

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This presentation:

- Looks at the demographic changes impacting on the labour market, and on particular occupations and industries
- Suggests strategies to be pursued by:
 - researchers
 - governments
 - employers

Structure:

- Australia's ageing population
- Implications for the workforce
- Trends and prospects
- Intergenerational issues
- What can researchers, government and employers do?

The issue:

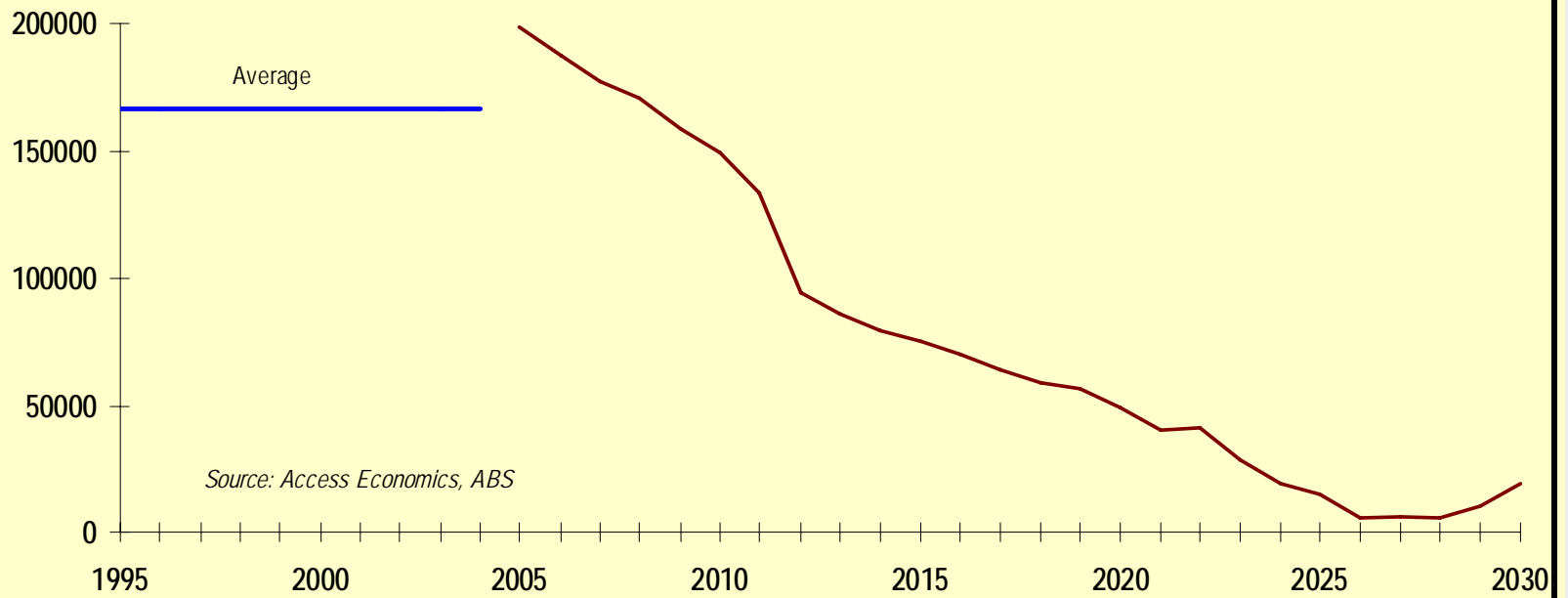
- Growing recognition in business & govt to take account of implications of ageing
- Retaining older workers – increasingly important source of skilled labour
- Future workforce will be more diverse
- New challenges for govt, researchers, employers & individuals

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- Failure to plan for these changes will result in
 - Shrinking pool of labour
 - Systemic skill shortages
 - Poaching
 - Wage spiralling
 - Potential conflict in the workplace

Focus has moved to implications for the *workforce*:

- Over the next decade 1/3 of current workforce will approach retirement
- Low fertility rates are reducing the supply of younger workers joining the workforce
- During the decade 2020s, only 190,000 new entrants will join workforce cf 180,000 pa currently

Growth in Australian workforce



Source: Access Economics, ABS

Labour market is tight:

- Employment is at all-time high & unemployment is low
- Strong economic growth has increased participation
- However, some skill shortages already exist

But remember....

- Older Australians are healthier, living longer & are better educated – likely to stay in workforce longer
- While Australians retire early, many would remain or re-enter if flexible options were available
- Barriers remain – attitudes, policies
- There remains a significant pool of unemployed and underemployed workers to tap into

What do the projections say?

- Based on reasonable scenarios of population growth and participation, labour shortages may occur within the next few decades
- Participation is expected to decline from 63.5% (2004-05) to 56.3% (2044-45) PC
- As the population ages, workers may supply less hours
- Within some occupations (eg labourers) the 'retirement spike' due to baby boomers has already occurred – for others it is looming

Workforce ageing will affect different occupations in different ways

- Occupations have different age structures for a number of reasons:
 - Older (younger) workers may typically choose certain jobs
 - The nature of jobs may preclude older (younger) workers
 - Employers may 'prefer' to hire workers from particular age groups

Industry Shares, Mature Age Workers, Australia May 2005

<i>Industry sector</i>	<i>% aged 45 to 64</i>
Accommodation, cafes and restaurants	24%
Agriculture, forestry and fishing	42%
Communication services	35%
Construction	31%
Cultural and recreational services	24%
Education	46%
Electricity, gas and water supply	39%
Finance and insurance	27%
Government administration and defence	42%
Health and community services	43%
Manufacturing	35%
Mining	40%
Personal and other services	32%
Property and business services	33%
Retail trade	24%
Transport services	39%
Wholesale trade	32%
All industry average	34%

Source: www.jobwise.gov.au

Occupations:

- Occupations that require more experience are generally older eg managers, professionals
- Older people under-represented in elementary clerical, sales & service; tradespersons
- Challenge is to ensure that older workers share in future jobs growth

Above average growth – industries:

Forecasts of employment growth by *industry* suggest that the following sectors will record above average jobs growth nationally to 2012:

- education
- wholesale trade
- business services
- retail trade
- health and community services
- agriculture, forestry and fishing.

Occupations:

Occupations with above average prospects include:

- business and information professionals
- business/administration associate professionals
- intermediate sales and service workers
- specialist managers
- health professionals and associate professionals
- advanced clerical workers
- generalist managers
- education professionals
- elementary service workers.

Some shortages already exist:

According to DEWR shortages currently exist across a range of skilled and professional occupations, including:

- child care workers
- nurses
- accountants
- civil engineers
- speech pathologists
- physiotherapists
- automotive trades (mechanics, auto electricians, painters and panel beaters)
- engineering trades (fitters, mechanics, welders)
- food trades (chefs and cooks)
- construction trades (carpenters, joiners, plasterers, bricklayers, plumbers).

Intergenerational issues

- Life course patterns vary by age, gender
- Future workforce will be more diverse: age, family status, mix of men/women
- Young people's 'attitudes' need to be seen in the context of the changing labour market
- In a 'supply-determined' labour market, young people may be better able to negotiate

Intergenerational issues

- Young people have also witnessed changing attitudes (and behaviours) to debt, saving
- The 'new forms of employment' that young people want are also what other workers want
- It makes sense for employers to implement strategies that will support all workers to balance life and work

What are researchers doing?

- ARC Linkage project: *Demographic change, ageing and the workforce: an integrated model to inform workforce development and planning in Australia*
- NCVET project – *A well skilled future: tailoring VET to the emerging labour market*
- Productivity Commission study examining the influence of workforce ageing on the supply of skills

Research...

- These projects will be useful for employers in pointing to where there may be difficulty in attracting and recruiting workers
- Useful in determining where long lead time for training/education is required
- Important to targeting migration strategies

Government initiatives

Strategies developed to date include:

- A number of States have developed workforce development and/or ageing strategies
- National Strategy for an Ageing Australia
- ANTA www.valueingolderworkers.gov.au
- Mature Age Employment and Workplace Strategy www.jobwise.gov.au
- Changes to industrial relations, tax and welfare systems

More to be done...

OECD calls for a comprehensive strategy which includes measurable goals, encompassing elements such as:

- Better incentives to remain in work longer
- Reduce incentives to retire early
- Improve information about superannuation entitlements
- Review assessment for disability entitlements
- Changes to job search assistance
- Surveys of job satisfaction and the work environment
- Improved government co-ordination.

What can employers do?

Some of the things that employers can do to avoid problems include:

- Ignore popular stereotypes of mature age employees
- Have strategies in place to encourage older workers to remain
- Develop phased retirement and mentoring schemes (and other initiatives which are attractive to older workers)
- Survey workers about their retirement intentions and work preferences (many older workers may want to change jobs *within* the organisation)
- Support employees to plan for their retirement
- Develop the strengths and skill levels of all staff – regardless of age
- Plan for a balance of youth and experience
- Develop family friendly initiatives and other flexible work arrangements

Cont....

- Review recruitment practices, including advertising and selection
- Make workplaces safer – introduce changes in technology and workplace design
- Promote healthy living, safe work practices and an ergonomically sound working environment
- Aim to attract workers outside your traditional labour pool, eg younger workers, women, migrants, re-entrants (people who are qualified or semi-qualified but no longer working in the field)
- Adopt high performance work practices, strive to be an 'employer of choice'
- Undertake workforce planning to determine current skills and likely future gaps and develop strategies to plan for them.