

## **Outcomes of the Consultations on *Australia's Demographic Challenges***

The discussion paper *Australia's Demographic Challenges* was released by the Treasurer on 25 February 2004. It identifies faster economic growth by improving productivity and labour force participation as key priorities in addressing ageing. The discussion paper focuses on three complementary policy areas: improvements in the capacity for work, through better education and health; better incentives for work; and improved flexibility in the workplace. To encourage further community participation on these issues, written submissions from interested parties were invited and public consultations were conducted.

Approximately 200 pieces of written correspondence were received and analysed. Public meetings were held in each capital city (2 in Sydney) in May and June 2004. To elicit the views of employers, young people, and those from regional areas, an additional six focus groups and an online (internet) discussion board also were conducted. More than 250 people and around 50 organisations, companies and peak bodies were included in the public consultations.

### **Comments on the Broad Agenda**

Overall, those who participated in the consultations were very positive about the opportunity to contribute, and appreciated the Government's efforts to stimulate debate and consult with the public on the topic of the ageing population. Most considered it an important issue that requires a coordinated, strategic and long-term approach from Government.

The discussion paper presented four choices to address the ageing population: raise taxes in the future; cut future government spending; run budget deficits; and improve economic growth. Of the four choices, growing the economy was the most appealing. Support for this option was sometimes qualified by additional concerns around social issues, environmental sustainability, poverty, inequality and the impact of increasing consumerism. Running deficits and raising taxes were the least favoured choices however it was often observed that a combination of choices may be needed over time. Greater government efficiency particularly at State and local government level was seen as a key area for future effort. Shifts in government spending patterns and greater demand for public goods and services were identified with an increasing demand for health and aged care services being the most widely recognised area of future need.

Much of the discussions focussed on the development of the workforce and the participation of older workers. Retirement, superannuation and savings were particularly salient issues which featured prominently in most discussions. Alternative policy approaches raised included addressing declining birth rates and increasing immigration of skilled workers.

# **Summary of views on the key policy issues**

## **Improvements in the Capacity for Work**

### **Health**

Participants were most readily engaged on issues relating to health policy. The key issue was the availability and quality of health care. In the context of an ageing population and the prevalence of baby boomers caring for ageing parents, home based care, the role of family carers and services to support carers, also emerged as important.

The health industry labour force was also a prominent topic in public discussion. The public was conscious of links between quality health care and the funding for education, training and remuneration of adequate skilled resources, and appropriate facilities to provide this care. Workplace relations issues which provide for flexible work options were also seen as important for retaining the current workers in the health industry (in particular the ageing nursing workforce) for longer.

Preventative health and health promotion were strongly supported for social and economic benefit reasons. There was a preference for a healthy society overall as well as a healthy workforce. It was generally accepted that individuals needed education and persuasion to change unhealthy behaviours (or adopt health-enhancing behaviours) and that business could need incentives to address health issues in the workplace. Increased spending on preventative health at the risk of delivering less or lower quality health care for those who are ill was not favoured.

### **Education and Training**

Preparing for our future was associated with educating young people, where the formal school system plays a central role. A school focus was also seen to be as important as the foundation and pathway to work.

Improving the school to work transition was one area of discussion. Increasing the vocational focus of education was seen to be as important. On the job training and life long learning were supported as relevant approaches to more pragmatic learning, particularly for mature aged workers. Strategic targeting of training for known or anticipated industry and skill shortages was also viewed as an important part of workforce planning. Trades and apprenticeships were singled out as areas already suffering from a lack of new applicants. Whilst government was seen as the main body responsible for education and training solutions, the public also identified that there is a key role for business in developing the workforce, particularly where specific skills and qualifications are required, and returns to business from such investment are relatively transparent.

## **Improved Flexibility in the Workplace**

Discussion of future labour market participation issues was often clouded by discussions around former high unemployment levels, particularly for mature aged unemployed. There were positive and negative views around extending working life. Concerns centred on discriminatory attitudes and physical capacity to keep working. Whilst some older workers do not want to work past retirement age, others were angered by being forced to retire by employers. Choice about work and work options was the central issue for those in or near retirement, for people with a disability and for working mothers.

There was general agreement that flexibility is needed to retain workers throughout their entire working lives however, some people were unclear as to how strategies might be implemented. Support for family friendly options was widespread and the major barriers were seen to be employers' reluctance to introduce flexible options and their perceived prejudices against mature aged workers. The need to engage, understand and work with business was a widely accepted conclusion from discussions.

## **Better Incentives for Work**

The public agreed that there are systemic issues which encourage early retirement and discourage mothers or those on income support to return to work. In particular, the public suggested changes to the interface between the systems of paid employment, income support and superannuation. Restricting access to lump sum superannuation payments and increasing the age at which superannuation can be accessed was supported. Systemic disincentives to gaining employment were discussed. These included complex Centrelink processes and low wages which, after tax and expenses, may be not much different to income support payments.

Much of the discussion of these issues was not framed as 'better incentives to work' as suggested in the Paper. Generally, the public assumed that most people want to work and felt that improvements to the system need to facilitate choices about working, whether one is a retiree, a young mother or a person with a disability.

## **Summary**

The general view was that action needs to be taken now in order to address the attitudinal issues which take time to change, to better educate younger people of the issues for self funded retirement and to plan for a workforce to deliver the services required in the future, particularly in areas with skill shortages and in health and aged care. There was general consensus among the submissions that the Government has a role in leading policy solutions in response to the ageing demographic. Consultations also recognised that holistic and collaborative approaches will be effective.

The public consultations identified the need for openness towards awareness raising activities to further engage all Australians. Many felt that the forums were a good place to start and that further consultation was warranted to ensure that the public continued to be involved in a dialogue with Government.

The public also identified the need to more actively engage business in the debate and, given the length of time attitudinal and structural changes take, recommended that this be undertaken as a matter of priority. It was recognised that employers and their openness to change are critical to the success of any workplace change policy.