

March 22, 2004.

Australia's Demographic Challenges  
Social Policy Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Dear Sir

I welcome this opportunity to present you with my thoughts on the problems arising from the demographic changes predicted for the future. I am an eighty year old great-grandmother and I am concerned about the future of my six great-grandchildren who range in age from 3 years to 8 years.

I am the Company Secretary of the Association of Independent Retirees (A.I.R.) Inc and have had a long association with that organization.

I was a member of the Ministerial Advisory Council for Older People and the new State Minister for Communities, which has replaced Families and Seniors in Queensland, has just invited me to join a Focus Group to review and discuss issues raised in ***Queensland 2020, A State For All Ages***", a document circulated for community comment, due this month.

On Friday, February 6, 2004, I conducted a Speak Out on this Queensland document in Gladstone, Queensland, on behalf of Older People Speak Out. This is a group which has been commissioned by the Queensland Government to get feedback and suggestions on the ***Queensland 2020*** document.

Attached is a submission for your consideration.

Yours sincerely

Mrs. I. J. Smyth

## **Submission.**

I am responding to the Press Release issued by the Treasurer, Mr. Peter Costello M.P. on February 25, 2004 and the document ***Australia's Demographic Changes*** also issued on February 25, 2004.

The documents identify the problems very well and I agree that planning needs to be undertaken now, that the prosperity of future generations depends on decisions made now. Faster economic growth is identified as a key priority in addressing ageing and this means increases in participation and productivity.

### **1. Labour participation rate:**

Retirees welcome the initiatives which will encourage mature aged workers to stay in the workplace longer. However there should be no compulsion for people to work beyond the age of 65.

A factor which I feel has been overlooked is the late permanent entry into the workforce and the encouragement to keep students in school until the completion of year 12. Most High Schools aim for the highest retention rate possible. The expectation that young people will complete a university degree means that young people do not enter the workforce on a permanent basis until age about 22.

Large industrial firms are having difficulty recruiting apprentices to learn trades. There is a current shortage of skilled tradespersons because of a policy of retaining students and the undervaluing of trades as a career path.

**Would it be better to encourage more young people to take apprenticeships and cadetships so they get practical experience as well as training and enter the workforce earlier?**

2. **Part time workers:** The government is advocating a more flexible work place environment and this is fine. However there are serious problems with this? An example recently brought to my notice was of a highly qualified electrical engineer who was made redundant. Job Search got him a position working as a cleaner for McDonalds. The damage to this man's self esteem, (having to earn a living cleaning toilets) has made him suicidal. This is not an isolated case as recent figures on mature aged suicide will bear out.

It is suggested that mature aged workers should be trained in negotiating mutually acceptable work contracts. But who has the advantage in this situation? The employer.

**Are the mature aged workers to become a pool of cheap labour?  
Will the part time workers still have entitlements such as sick leave, long  
service leave and study leave? BEWARE THE EROSION OF WORKING  
CONDITIONS.]**

**3. Employer Attitudes:**

Employers are concerned at the “potential risks and financial costs of retaining or recruiting older workers because of health and workplace related injury, adaptability and training. Consequently, older workers are often targeted for voluntary retirement or redundancy.

**Yet research tends to show that the performance of employees declines little with age. Furthermore the quality of work in skilled jobs tends to increase with age and experience.”**

**After decades of indoctrination through the media and the business culture , that “young is beautiful” and “old is over the hill”, how does the government propose to persuade employers that mature workers are a good investment? When 35 is regarded as being too old, how does a mature worker get a start? Mature workers are targeted for redundancy. Is this because they receive a higher salary and therefore higher superannuation payment? How does the government propose to reverse the culture of adulation of youth?**

**4. Education:**

The lower birth rate will drastically reduce the demand for compulsory education and for university courses.

**How are the schools and universities planning for these changes?**

Not all students benefit from academic studies. The emphasis needs to be on communication skills, engaging collaboratively with others and developing skills

**Is a higher level of education appropriate for all students? Should we be encouraging some students to engage in vocational training?**

The document claims that skills and educational levels have increased and children choose to stay longer at school. **But does spending longer in educational facilities necessarily translate into better educational outcomes?** For example 12% of 15 year olds and around 20 % of the adult population have very poor literacy skills. These poor skills are more evident among males. **Literacy and numeracy levels must be improved.**

**The short sighted proposal to allow male-only scholarships for student teachers is without any basis in philosophy or pedagogy. The recent history of child abuse would suggest this is a reprehensible step. One of the reasons men are reluctant to enter the teaching profession is the fear of litigation for sexual child abuse. But more importantly, the remuneration of teachers is not in keeping**

**with the importance and responsibility of their role. The salary does not attract the best candidates.**

**The Federal Government should be funding Public School education on a per capita basis at least equal to the private schools. In fact a case exists for greater funding because public schools cannot reject a student on grounds of ability, learning disability or history of disruptive behaviour. But Private schools can and do. I am tutoring two students at the present time who were denied entrance to a private school because they were not sufficiently fluent in English. They are attending a public school.**

Training is also an area that causes concern. Training figures are boosted because unemployed persons have been required to undertake training. Unemployment agencies are paid more for putting job seekers into a training course than for placing them in employment. There is considerable concern about the suitability of some training courses for the level of expertise of the trainee especially among mature aged unemployed.

**Emphasis must be on training outcomes rather than the amount of training undertaken. Statistics show the number of courses provided but do not show how many people got permanent jobs as a result.**

#### **5. Health:**

The government approach of concentration on wellness rather than illness is a positive one. Preventative medicine with concentration on lifestyle, exercise, weight control and stress management will result in a healthier community. However the demand for new technology, new diagnostic procedures and medications has increased the overall cost and the fastest growing component is the Pharmaceutical Benefit scheme which grew to 4% of GDP in 2000/01. Retirees do not want to see the costs of Pharmaceuticals escalating and some fear that the Free Trade Agreement will allow the Pharmacy Companies to manipulate the market.

While I do not want to see costs blow-out as a result of market manipulation, I feel there is a lot of waste in the Health system with over-prescription of medicines.

**Perhaps this could be reduced if all users were required to make some contribution to costs.**

**6. Retirement Income Stream:** These proposals seem to me to correct the situation where a superannuant takes super as a lump sum, spends it and then becomes an aged pensioner. The emphasis appears to be on self-funding.

I would suggest that the government should be encouraging workers to self-provide for retirement. Too many people still factor receipt of a pension as an essential part of retirement planning. Initiatives which help retirees to plan realistically for retirement would help relieve the tax burden on future generations. As a self-funded retiree, I am still paying considerable income tax each year as well as GST on all my purchases.

**Initiatives I would suggest are:**

- **The upper limit for the Assets test should be raised to an amount that can generate an equivalent income to the Income Test Limit.**

Because the income, which can be generated by the allowable Asset Test, is so low, retirees are encouraged to divest themselves of their assets in order to qualify for the Aged Pension.

- **Retirees should be able to rearrange their share or asset portfolio without incurring Capital Gains tax provided they reinvest the proceeds of sales in income producing products.**

Many self-funding retirees depend on share portfolios or real estate for income in retirement but are discouraged from making maximum use of their assets because each transaction attracts Capital Gains Tax on 50% of Capital Gains. In effect this reduces the Capital worth of the retiree.

- **The taxation of Superannuation, in general, should be reviewed to encourage saving and Superannuation should be indexed through Male Average Weekly Earnings.**
- **The discrimination against single people should be removed from the Pharmaceutical Benefits Scheme.**

The Safety Net for pharmaceutical costs is the same for a single person as for a family. This is unfair to all single people.

- **Aged Care: The whole area of aged care must be reviewed. I particularly find it anomalous that Low Care costs more than High Care.**
- **Retirees would be prepared to take out Aged Care bonds in order to fund better Aged Care facilities.**
- **The statistics need careful monitoring. For example 10,148 older people have moved into the Sunshine Coast area according to local statistics. Is that reflected in the National figures?**

Signed: