

**Sent:** Thursday, 13 May 2004 4:59 PM

**To:** demographics@treasury.gov.au

**Subject:** Response to "Australia's Demographic Challenges"

Dear Sir/Madam,

The document distributed with the invitations to Australia's Demographic Challenge" invitations is written, as would be expected from the perspective of Macro Economics. I have to submit that elements of the solution must come from other aspects of economic thought and management understanding.

The document makes passing reference to age discrimination, the amelioration of which provides one of the few ways by which labour force shortages can be redressed. It makes no reference to the reasons which influence otherwise law abiding managers to undertake this notionally illegal action. Failure to understand the reasons for age based exclusion and the vicious circle which springs from it makes it probable that policy intended to redress the issue will fail.

I am a practising business manager. It is my job like most managers, to make choices. In recruitment I will seek candidates who will complete the tasks I require. Where there is a choice I will then select from the available candidates one who will enhance my position in the organisation. Regrettably, older workers are seen as low status staff in today's corporate culture, and low status workers have low status managers. This simple analysis is the start of a vicious circle where reduced opportunity means less incentive to sustain skills; a peer group where fear of exclusion is pervasive and leads to reduced confidence and poorer performance at interviews. This in turn confirms the manager's poor view of older workers. Other social costs like increased health costs feed back at this point into macro-economic consciousness.

Most recruitment decisions are taken by junior managers. Policy to redress employment discrimination will fail unless it provides incentives that override the social imperatives faced by those junior staff.

Today we have a cohort of middle aged men who are desperately insecure. If they have jobs they are working sixty hours a week to ensure that they delay being consigned to the scrapheap, if unemployed... In times passed this group were major contributors to the social fabric of society. These were the stalwarts of so many clubs and community institutions; these were the fathers who, in their confidence were the guides of their teenage sons. Now they are frightened, or broken, or in the case of some with whom I deal, dead at their own hand. Their discretionary spending was once a major force in the economy, today, if they are lucky, they buy and negatively gear a property in a desperate drive for some economic security. A security which they will not enjoy on the disability support pension!

The Prime Minister stated in 2001 that "by 2010 we will require golden collars to keep the sixty year olds in the workforce until they are seventy." How will it be possible to reengage people who have been excluded from the workforce for ten or fifteen years? Good long-term policy means getting those workers reengaged now, yet the corporate community still penalises those who "take a punt on an oldie!" Every manager knows that a "Manager who fails to manage their career manages nothing."

Champions of macro economics argue that the labour market should resolve the allocation of jobs and disavow intervention in the market. This is wanton failure to recognise the distortions present in the distorted decision making processes which corporate culture forces on managers today.

I commend the proposals put forward on For-Employment's web site:-

<http://www.for-employment.net.au>

Regards

Ross Venner F.C.A