

Bridging the generational 'fiscal gap'

The role of mature-age workforce participation in closing the fiscal gap must be explored, writes **David Kennedy**

WE ARE frequently reminded of the economics of a society growing older – a dwindling base of taxpayers to support a growing queue of age pension and healthcare recipients. A treasurer's worst nightmare.

Economists describe the impact of this mismatch as a 'fiscal gap'. In other words, if nothing changes in the future, government

increases in workforce participation among older Australians can meaningfully boost the economy and counter the fiscal challenges of an ageing population (see boxout).

Win-win outcomes

Of course, an increase in workforce participation of this magnitude is no easy

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revenue will fall short of the money needed to run the country.

The good news is that we can begin to bridge this gap by embracing the skills and experience of the healthiest-ever generation of older Australians. Health permitting, and with sufficient workplace flexibility, many are willing to continue working beyond the traditional retirement age – provided such opportunities exist.

Numerous studies have shown that material

task. But the trend is underway and win-win outcomes abound where older Australians who are willing and able to work are given the opportunity to do so.

Individuals enjoy the financial benefits, social connections, and sense of purpose that working flexibly into their 50s, 60s and 70s provides. Employers retain the experience, mentoring capacity and reliability of older employees, while the economy benefits from ongoing tax receipts, a deeper pool of



national savings, and the prospect of reduced pressure on the social security system.

Discrimination rears its head

But here's the problem. A recurring theme in my conversations with business owners, academics, jobseekers and retirees is that age discrimination is alive and well in Australian society.

Ruth Williams is the academic convenor of the Hallmark Ageing Research Initiative at the University of Melbourne. She is an expert in workplace trends affecting older Australians, and a passionate advocate for 'positive ageing' and unlocking the value of mature-age employees.

Williams has conducted significant studies into some of the potential benefits of remaining engaged in the workforce beyond the traditional retirement age.

"Anecdotally, I can't keep count of the number of people who have said, 'I retired but I only lasted six months'. People want to remain engaged ... It's very well documented that working actually increases health and wellbeing. Social contact is important, and people get a lot out of it," she says.

Yet Williams adds that while things



GOOD TO KNOW...



Two thirds of 55–64-year-olds and more than 13% of over '65s now participate in the workplace – the latter figure has more than doubled since the 1990s, according to the ABS.



A five-percentage-point increase in participation rates among 50–69-year-old Australians could add some 2.4% to GDP by 2050, according to the ARC Centre of Excellence in Population Ageing Research.

are improving, older workers have trouble accessing the same opportunities as younger employees.

“There is still work to be done. Discrimination is prominent within the recruitment stage. In the workplace, I think some employers still have stereotypical attitudes of older workers... A lot of

they're nearing retirement.

Age discrimination in the recruitment process and the workplace silently strangles productivity and leaves everyone worse off.

EveryAGE Counts

Tackling ageism, and creating more employment opportunities for older Australians, must

The potential contribution of older Australians may just be our greatest untapped resource

employers think they're going to retire soon anyway. As we know, with the push to work longer, it could be that a 55-year-old has 10, 15, 20 years left in them in the workplace, and denying them those career progressions – or learning, education and training opportunities – is doing a real disservice to the individual,” she says.

Williams points out that older workers can experience age discrimination in the workplace through a lack of career advancement and job progression opportunities. She says some employers may invest less in their mature-age employees based on the outdated assumption that

therefore become a higher priority if we are to ensure a more dignified workforce experience and a transition to eventual retirement, while collectively securing our future standard of living.

To this end, EveryAGE Counts is a national campaign launched by the Benevolent Society in 2017 to address the social and policy impacts of ageism.

As part of the launch of the initiative, Kirsty Nowlan, executive director strategic engagement, research and advocacy at the Benevolent Society, says, “We need a radical rethink of attitudes towards getting older, because we perceive older people as frail,

less involved in life, confused and non-productive ... It's time to change thinking and behaviours about and towards older people.

“What the research shows is that many of our views about older people are based on outdated myths and stereotypes ... we aim to change those views so older people continue to stay engaged in work, community and political life.”

When combined with sufficient incentives and signals in the super, tax and social security system, addressing ageism is essential in enabling the type of increase in participation rates needed to move the dial on productivity and long-term GDP growth.

This will require a community-wide shift in attitudes and perceptions of the value of older employees, and more examples of businesses that thrive when they consciously employ a higher proportion of older workers.

When we collaborate – as individuals, employers and government – to meaningfully lift the number of employment opportunities for over 55s, the reward will be worth the effort.

The potential contribution of older Australians may just be our greatest untapped resource. **HRD**

David Kennedy is the author of *End of the Retirement Age: Embracing the Pursuit of Meaning, Purpose and Prosperity* and principal at Hillross Pacific Advisory, a Sydney-based retirement planning consultancy.

