

Older workers in Australia: The myths, the realities and the battle over workforce 'flexibility'

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ABSTRACT

A decisive 2004 fourth term win for the Howard Government and control over the Senate provided the Australian government with a mandate to further deregulate the labour market in the name of 'flexibility'. This paper uses a critical perspective to challenge the wisdom of neo-liberal market economics as the driving force behind the rapid expansion of non-traditional 'flexible' forms of work and the persistence of a deficit model/perspective that continues to devalue the human capital value of older workers. It is argued that these trends will contribute to ongoing under utilisation of 'older' labour and intensification of skill shortages, in part, as a result of lack of investment in maintaining human capital. In responding to Australia's rapidly ageing workforce the Howard Government has adopted modest measures designed to counter age based discrimination and encourage workforce participation. However, participation rates among older workers in Australia have remained one of the lowest among Organisation for Economic Co-Operation and Development (OECD) countries. This paper argues that the Government's labour market deregulation policies are reducing the availability of jobs that provide sufficient working conditions and remuneration to make workforce participation attractive. The erosion of employment conditions associated with 'flexible' workforce reform leads to underemployment, an employment outcome that often fails to meet the needs of many older workers. More recently, however, the Government has embarked on reforms that appear to provide genuine incentives aimed specifically at attracting workforce participation by older workers, but unfortunately these are by and large confined to those aged 60 years and over.

Keywords: Older workers, mature aged workers, ageism, age discrimination, deficit model of ageing, stereotype, labour market deregulation, labour market reform, workforce flexibility, flexible labour, human capital investment, industrial relations, workplace relations, WorkChoices.

INTRODUCTION

This paper focuses on older workers as a group at risk of being marginalised in the

labour market because they have been the traditional targets in organisational down-sizing and restructures and after leaving the workforce they

experience far greater difficulty obtaining work, particularly comparable and adequate employment. It will argue that the Australian Government's pursuit of continued labour market deregulation, including its WorkChoices 2005 legislation¹, when combined with persistent ageist stereotypes that inform contemporary human resource practices, not only adversely affect the employment needs of many already marginalised older workers, but also the longer term productivity and labour supply needs of organisations and the future health of the Australian economy. It will do this by considering significant labour market trends, then particular myths and realities relating to older workers and industrial relations reforms. It will be argued that older workers have been stigmatised through a medical model that views age/ageing as a deficit thereby scarring the employability profile of many older workers through preconceptions about impaired capacities for productivity, performance and workplace training and learning. Despite changes to WorkChoices industrial relations policy with the 2007 introduction of a 'fairness test', the Howard government remains committed to a 'flexible' deregulated workforce that further disadvantages those older workers who are already marginalised. However, it is also concluded that there are some recent signs in government policy showing genuine interest in keeping older workers in the workforce.

SIGNIFICANT LABOUR MARKET TRENDS

Australia's economic downturns and industrial restructuring, particularly in the 1970s and 1980s, was the leading force behind the mass

retrenchment of older workers², as they were the main target of early redundancy policies aimed at shedding workers (Trindler, Hulme & McCarthy 1992). Many workers in the mature age cohort also worked in industries experiencing the largest declines in demand for labour, including manufacturing and construction (Bureau of Labour Market Research [BLMR] 1983; VandenHeuvel 1999). At that time, large numbers of mature age males with many with high standards of education in comparison to previous generations were also retrenched from middle management and professional jobs. These displaced 'white collar' workers have experienced similar difficulties to their 'blue collar' counterparts in regaining secure full-time employment (Access Economics 2001; Bennington 2001; Borland 2004). Australian Bureau of Statistics (ABS) data (cited in Encel 2003) shows that from the mid 1990s, one in three workers over 45 years was not in the workforce. While participation rates for mature age females have continued to increase markedly since the 1970s, participation rates for both females and males decreases dramatically once they reach 55 years and over (ABS 2002a).

Research has also shown that once unemployed, mature age workers experience considerably reduced success in regaining employment than those in younger age groups. As a result, mature age workers tend to be over represented in statistics on long-term unemployment (that is, people who have been unemployed for 12 months or more). Additionally, the duration of unemployment for mature age males more than doubled in the two decades between 1979 and 1999 from 25 to 59 weeks (ABS 1999a; 2002a; 2002b).

¹ Workplace Relations Amendment (Work Choices) Act 2005. This Bill amends the *Workplace Relations Act 1966* in relation to: creation of a national workplace relations system, including the establishment of the Australian Fair Pay Commission (AFPC) sets and adjusts minimum and award classification wages, minimum conditions of employment; direct bargaining between employers and employees; the role of the Australian Industrial Relations Commission, particularly in relation to regulation of industrial action; a simplified system of awards; transmission of business rules; protection of key award conditions in bargaining processes; dispute settlement procedures; and extension of the compliance regime. (<http://www.aph.gov.au/library/intguide/law/workchoicesbill.htm>)

² Broadly speaking the terms mature aged and older have been used interchangeably in the literature to define workers 45 years of age and over. It should be noted that the term *worker* is also being used to refer to those who are unemployed and those forced into what may be considered early retirement – provided they are available and willing to work (as per Australian Bureau of Statistics (ABS) definition).

During the same period the average duration of unemployment for females rose from 27 to 44 weeks (Landt & Pech 2001). Many of those in the mature age cohort have also had less access to education and training in comparison to younger cohorts and this further undermines the employment prospects of some mature aged workers³. Research has shown that workforce participation rates among older workers in Australia remain one of the lowest among Organisation for Economic Co-Operation and Development (OECD) countries (OECD 2005).

The past decade has seen substantial growth in jobs, the bulk of which have not been in standard full-time jobs, but instead in casual, short-term contracts, temporary labour hire and part-time forms of work (Hartmann 1998; Watson, Buchanan, Campbell & Briggs 2003). The high net growth of non-standard forms of employment and the continued trend in increased female participation has offset statistical data on unemployment levels for mature age workers. This, when combined with the ABS's wide range categorisation of mature age workers as a group between 45–64 years, conceals the extent of unemployment, long term unemployment and underemployment among older mature age workers (underemployment categorised as a form of 'hidden unemployment').

Employers' perceptions about employing mature age workers shows many continue to have serious concerns about a perceived lack of flexibility, ability to adapt to change and ability to learn and acquire new skills (Bennington & Wein 2000; Encel 2003; Encel & Studencki 2004; Pickersgill, Briggs, Kitay, O'Keefe & Gillezeau 1996; Razziijn, Carson & Wineberg 2002; Salthouse & Maurer 1996; Steinberg, Donald, Najman & Skerman 1996). These concerns are a major disincentive to employing older

workers despite a wealth of empirical evidence to the contrary.

In the 1990s Australian governments adopted modest measures to help counter age discrimination and disadvantage in employment for older workers, for example, enacting anti-age discrimination legislation and abolishing compulsory retirement for most occupations. Nonetheless, they by and large failed to give age discrimination and the marginalisation of older workers a significant level of attention. For example, the Howard government gives the impression that age-based marginalisation of older workers is fast becoming a key political priority, they appear to be more concerned with their WorkChoices agenda aimed at further deregulating the labour market – and this is likely to increase disadvantage among marginalised groups, including many vulnerable older workers. These legislative reforms represent a further progression towards the spreading of a 'contingent' model of precarious employment which drives down wages, conditions and job security, under the guise of 'flexibility' (Peetz 2005a). Burgess and de Ruyter (2000) and Crouch (1998) agree that this kind of flexibility tends to erode labour standards and generate high rates of growth in non-standard employment and reduced numbers of secure full-time jobs:

The aim of the deregulation strategy is to produce more employment at the low end of the skill and income chain, simultaneously engineering a general shift in the character of security away from public policy and towards employer discretion as well as a major increase in social inequality

(Crouch 1998:159).

In arguing his case for changes to industrial relations laws Prime Minister Howard has

³ It is important to acknowledge that a substantial proportion of mature workers age workers are far from disadvantaged. Indeed many are very well positioned, with high-ranking jobs that have high levels of job security and remuneration. But in spite of this, ageing, for many mature age workers is a major risk factor leading to marginalisation from the labour force (specifically from secure full-time employment). While highly educated professionals are the group least likely to be marginalised this profile does not make individuals immune from retrenchment and marginalisation, as is evidenced by the existence of support groups for marginalised ex-executives such as *Ex-Calibre*.

argued that employment conditions in Australia are damaging businesses because they are too inflexible. Mr Howard argued that the Work-Choices changes provide employers with more flexibility and as a result, higher rates of productivity needed to keep the economy strong, create more jobs and provide higher wages (Howard 2005). However, Peetz (2005a) contends that the higher workplace productivity argument is flawed and that in reality the reforms are aimed at driving down wages costs at the lower end of the income chain such as those working in the services sectors of the economy. He uses the following restaurant scenario to demonstrate this point:

This is often dressed up productivity – for example... corporations may claim that not having to pay penalty rates for night or weekend work increases labour productivity in the hospitality industry. But it does not. There is no gain in the number of meals served per restaurant employee by abolishing their penalty rates. All that happens in this situation is that the wage cost per meal has gone down, and the profits go up (and restaurant workers' incomes go down), even though productivity is unchanged

(Peetz 2005a:49).

MYTHS AND REALITIES

Age as deficit accumulation – a medical model that stigmatises older workers

Harris (1990) argues that the prevalence of unduly negative myths about ageing today have been heavily informed by many studies on ageing conducted in the 1940s and 1950s. These studies focused on elderly who were ill and living in institutions, whilst elderly people in good health were largely neglected. While the medical model premised on disease and deterioration has promoted and reinforced negative stereotypes of ageing, research has shown that the declines human beings experience occur over a lifetime and for

the majority of people these are very gradual with negligible mental decline for healthy people before their mid to late seventies and for many, into and beyond their eighties (Hendricks & Hendricks 1977; Hooyman & Asuman-Kiyak 1993).

Estes and Binney (1991) argue that ageing has been constructed as a process revolving around biological problems and deficit accumulation which works to conceal a reality that many of the problems associated with ageing are socially constructed. Estes (1991) also claims that these kinds of social pressures can function subtly to socialise older people into becoming less confident and independent. For example, age stereotypes often appear in everyday 'common-sense' expressions such as 'You can't teach an old dog new tricks' which in itself promotes the view that older workers are not suitable candidates for education and training.

Older worker and employment literature shows that stereotypes of ageing, common among employers and the wider community, can start to disadvantage workers in their 40s and intensify in later decades (Encel 1998; Encel 2003; Encel & Studencki 2004; Pickersgill et al 1996; Ranzijn, Carson & Wineberg 2002; Sternberg et al 1996). While negative views of ageing persist there are nonetheless some emergent signs that these are being challenged and re-evaluated, in light of people living longer and healthier lives. Anecdotally, for example, it is now common to hear people talking about how the '40s are now the new 30s, 50s are the new 40s, and 60s are the new 50s.' With so many people now living healthier and long lives the prevailing 'deficit view' perceptions of ageing, older people and older workers are losing their fit with today's realities in terms of their capacity and potential for productivity in the workplace. However, social pressures including negative discrimination can result in reduced opportunities for personal development and workforce participation can greatly limit people's potential.

Segmented labour market theory, employability and scarring

Segmented labour market theory seeks to explain the existence of persistent discrimination against certain groups within the labour pool and in doing so poses a challenge to neo-liberal labour market theory which conceptualises non-rational discrimination as imperfect information – that is, temporary and self-correcting (Bauder 2001; Hiebert 2004). In simple terms, the segmented labour market model asserts that employers have a propensity to discriminate in the allocation of labour according to core work and peripheral work (Black 1995). Core sector jobs are seen as 'good' jobs on the basis they are well paid and secure (tend to be regular or full-time and permanent/ongoing) with good conditions (paid sick and holiday leave) while also providing opportunities for skill development, training and career progression through to higher ranks and pay rates.

In contrast, peripheral sector jobs tend to require fewer skills, and provide lower rates of pay, have little job security, tend to provide far fewer benefits (eg no paid sick or holiday leave) and have fewer (and fluctuating) hours of paid work (eg casual and part-time). Peripheral or secondary sector jobs tend to provide very little opportunity for career development and in many cases does not provide a pathway to core or primary sector jobs. Workers in the secondary labour force tend to be much more expendable and these workers are therefore more likely to experience periods of unemployment and they also are more vulnerable to exploitative and discriminatory practices (Peetz 2005a).

Le and Miller (1999) use the term 'scarring' to explain the negative effects of unemployment in addition to peripheral employment on a person's employability profile (in the eyes of prospective employers). For example, unemployed workers tend to have a scarred profile and this intensifies as the duration of unemployment increases. Scarring is conceptualised around the notion of stigmatisation and accumulation of disadvantage which contribute to the marginalisation of work-

ers from core jobs. Older workers experience far greater difficulty in rejoining the core workforce after leaving and it appears they already carry a substantial level of disadvantage which makes them particularly susceptible to this scarring phenomenon.

An issue of concern in this paper is that the Government's WorkChoices 2005 reforms were in part designed to increase peripheral sector employment by forcing more workers into marginal employment under the guise of 'flexibility'. This does, to some degree, seem at odds with Government rhetoric that older workers must be encouraged to continue workforce participation in order to address skill shortages and ensure sustainable dependency ratios in the future. This paper will now draw on literature that shows that the productivity, performance and learning capacities of older workers as a group are favourable, despite strongly rooted stereotypes that indicate otherwise.

Older workers: productivity, performance and learning ability

Productivity data shows that as a group, older workers have lower rates of absenteeism, have fewer accidents, make fewer mistakes (eg high rates of accuracy), remain in the same job longer (that is, lower staff turnover), have good rates of work output, and are able to learn effectively and contribute beneficial experiential knowledge to workplaces (Encel 2003; Pickersgill et. al. 1996; Salthouse & Maurer 1996). Joe and Yoong (2004) note that many mature age workers possess a high level of knowledge and skill that has been developed over time. Fellowes (2001) argues that many mature age workers have been members of the workforce for a lengthy period and have learned to become resilient as a result of often painful lessons over time through the stresses of a harsh corporate environment including decades of down-sizing and the accompanying intensification of work.

Breadth and depth of experience have been identified as factors that enhance the productive

capacities of mature age workers to deal with new, unusual, difficult and unexpected situations, well developed problem solving skills, and an ability to learn and acquire new skills (Encel 1998). Based on a study and review of the literature Ranzijn, Carson and Winefield (2002:9) resolutely conclude that many workers within the older age range possess qualities that are to their advantage:

Older workers have many advantages which should be attractive to employers. A large body of literature demonstrates that they are loyal, reliable, and conscientious, have low turnover, are productive and hard-working, have fewer accidents, and are trustworthy, mature, enthusiastic, experienced and dedicated.

There is a large and growing body of research that shows older workers, as a group, demonstrate superior abilities compared with their younger counterparts in areas related to flexibility, showing initiative, task prioritisation, creative thinking and problem solving (Moody 1998; Salthouse & Maurer 1996; Schulz, Bobowski & Crown 1991). However, many employers continue to stereotypically perceive older workers as being less alert, less adaptable to change, less healthy, less creative and less hardworking (Encel 2001; Encel & Studencki 2004; Patrickson 2003; Peetz 2005a; Ranzijn, Carson & Winefield 2004).

It has also been argued that the skills possessed by many mature age workers are highly relevant in the growing knowledge and service sectors of the economy, where broader life experience and work experience are advantageous (Patrickson 1998). For example, employment opportunities in expanding service-based industries tend to be client focused with an emphasis on paying attention to client needs and desires, and so require well developed interpersonal skills. In addition, as the population continues to age demographically so does the composition of people who require and purchase goods and services. It is reasonable to argue that older workers may be par-

ticularly well equipped to deal with an increasingly older customer base with population ageing.

Human capital investment and returns

In terms of entrenched views that older workers cannot be effectively retrained, the literature shows that when training has been made available to workers in older age groups they tend to progress well when compared to younger age groups (Cau-Bareille & Marquie 1998; Charness & Bosman 1992; Hale 1990; Plett 1990). While research shows that older workers can take longer to train in comparison to younger workers, in terms of learning outcomes they go on to produce higher standards of work after completion (Sheen 2000). Unfortunately, lower levels of involvement in training by older workers disadvantages many (Wooden, VandenHeuvel & Cully 2001).

According to Simpson, Greller and Stroh (2002), research and understanding of the human capital of older workers has been influenced by a neoclassical conception of human capital that significantly underestimates the skills, knowledge and capacity they possess. Within this view, training older workers can be seen as irrational because they are often perceived to have less capacity for learning, and productivity, and especially when concerns exist about short tenure for returns on human capital investment. Research not only shows that these judgments about capacity are erroneous, but that older workers are more likely to be longer term employees in comparison to their younger counterparts (Encel 2003; Hendricks & Hendricks 1986; Taylor & Walker 1994).

In the context of intensified future labour shortages, prudent employers and managers should be working on training, recruitment and retention policies for older workers. In contrast recent research indicates a lack of awareness of the future impact of population ageing on labour shortages among Australian employers and managers (Ranzijn, Carson & Winefield 2002).

INDUSTRIAL RELATIONS REFORM: THE COST OF A FLEXIBLE WORKFORCE

A substantial proportion of mature age workers displaced from the labour market can only get access to the secondary labour market. That is, non-standard employment such as short-term contracts, casual and part-time employment (Wooden, VandenHeuvel & Cully 2001). Concerns about the 'scarring' effects of secondary sector work on their employability profile (in the eyes of employers) may well be warranted as research indicates a large proportion of these jobs do not provide pathways into primary sector work. Rather, they entrap workers into a pattern of secondary sector jobs while also rendering them vulnerable to intermittent periods of unemployment (Eardley 2000; Mitchell & Muysken 2003; Wooden & Warren 2003). In discussing the tenuous nature of casual and contingent forms of work, Barker (1998) notes that while these kinds of jobs provide workers with experience, the nature of this kind of work simultaneously weakens their perceived value in the workplace. Hence many of these workers continue to accumulate deficits.

To the degree that workers are negatively valued or stigmatised due to their contingent status, a deficit model of work is created. One implication is that employers will not evaluate contingent work experience fairly or positively when a worker competes for subsequent employment

(Barker 1998:196).

Burgess and de Ruyter (2000) note that a large proportion of workers appointed to permanent positions were already in permanent positions or recent graduates. This supports the view that workers in non-core positions tend not to be considered suitable for appointment to permanent positions.

Bauder (2001) contends that employer groups have campaigned hard for segmentation of the labour force in this way in an effort to create a mass of secondary workers for easy exploitation.

However, it is also important to note that flexibility in hiring and firing can have negative consequences for labour market capability that in turn have serious impacts for industry and the nation generally, over the long-term. For example, Rubery and Grimshaw (2003) point out that while weakened employment protection can facilitate progressive down-sizing and layoffs during periods of economic restructuring and downturn, it can then lead to the loss of skills that cannot be readily replaced in periods of economic growth and increased labour demand. This is consistent with Toner's (2000) research which concluded that persistent 'skill shortages' in trade-based occupations in Australia dating back to the 1990s are the manifestation of practices of privatisation, down-sizing and outsourcing which have led to large declines in the availability of apprenticeships. Senior Australian economist Matthew Hassan stated:

The logic for business through much of the 1990s and early 2000s was to hold-off on investment, cut back costs and use existing resources more intensively, with improvements ... flowing directly through to profits. But now the rules have changed. The cycle is at a stage where there is less scope to improve productivity through simple cost cutting. Productivity has stalled as businesses have run into capacity constraints in terms of both labour and capital resources

(Hassan 26 June 2006, Media Release, BIS Shrapnel).

Hassan (2006) also argued that enterprise bargaining would provide a more effective means for boosting productivity than individual contracts because individual contracts can lead to competitive behaviours that are destructive. He said that '... individual contracts could undermine trust and hurt a company's productivity' and that 'workplaces that have a high level of trust tend to be the ones that are most productive' (cited in Wright & Coopes, *The Courier Mail*, 26 June

2006:2). In reviewing literature on industrial relations reform, including data from case studies of New Zealand and Western Australia, Petz (2005b) and Wooden (2005) also conclude that individual bargaining is problematic for many workers in that they can foster non-cooperative relationships and that individual bargaining has not been as effective as collective enterprise bargaining in increasing productivity growth.

The first major opinion survey research of WorkChoices reforms found that almost 50% of the 416 business owners, chief executives and senior executive respondents felt the new legislation will drive wages downwards. Sixty-six percent of those surveyed, including lower level employees, believed the reforms will have a negative effect on job security (Australian Institute of Management 2006). The survey also found 70% indicated that they will be more selective about future employers with a preference for large employers (over 100 staff) because of increased protection against unfair dismissal. The consequences for small to medium-size business could be considerable if labour shortages intensify as predicted. While Prime Minister Howard (2005) has argued these reforms are necessary for continued jobs growth and higher wages overall, Wooden (2005) says there is no substantial evidence to show that unfair dismissal provisions (introduced in the early 1990s) acted as a barrier to growth.

However, in May 2007 the Howard Government gave into negative public opinion announcing major change to WorkChoices with the introduction of a 'fairness test' for workers earning less than AU\$75,000 entering Australian Workplace Agreements (AWAs). This may be seen as a restoration of the 'no disadvantage test' which was abolished by WorkChoices reforms. Previous to WorkChoices the no disadvantage test protected workers from agreements in which they would be worse off in comparison to conditions set in relevant awards and collective workplace agreements. This major turnaround by the Government has been reported widely in the media as electoral pragmatism in an election year

and also as an implied admission that WorkChoices was in reality unfair (*Australian Financial Review*, 4 May 2007:3; *The Australian*, 4 May 2007:1; *Courier Mail*, 4 May 2007:1). The Government has also retreated from what Workplace Relations Minister Joe Hockey has described as the WorkChoices 'brand' because of the impact of damaging Labor Party and union campaigning (*7.30 Report* 17 May 2007).

A retreat from the term WorkChoices and associated government contact agencies/points is also evident in Government advertising since introducing the fairness test. New names included 'Australia's Workplace Relations System', the 'Workplace Infoline' and www.workplace.gov.au were used in an effort to re-brand policy changes and allow the government to distance itself from WorkChoices (Australian Government 2007, *Courier Mail*, 5 May 2007:28). In distancing himself, newly appointed Minister for Workplace Relations Joe Hockey, commented 'I wasn't the minister for workplace relations in the past, but if you're saying we got it wrong in the past, well we did' (*Chronicle* 23 May 2007:18). Hockey has explained that the government had underestimated what would happen with a system that could lead to workers trading away penalty rates without fair compensation (Crowe, *Australian Financial Review*, 23 May 2007:3). The degree to which labour standards should be regulated lies at the core of the political battle over industrial relations, a highly deregulated labour market is likely to increase hardship among those who are already disadvantaged with very little bargaining power in the labour market, including many older workers. However, the introduction of the fairness test marks one substantial retreat in the government's efforts to drive down working standards as a means of lowering the costs of labour.

NEW SIGNS OF EMERGING INTEREST IN OLDER WORKERS

It has been argued that the emergence and continued growth of labour shortages (especially skilled labour) being experienced in Australia

(along with many comparable countries) is attributable to a long running trend of reduced investment in education and training (Smith & Billett 2005; Nohria, Joyce & Roberson 2003; Toner 2000), an ageing 'baby boomer' population in which there are fewer (younger) workforce entrants, and the long running trend towards early workforce exits by many mature age workers (Patrickson 1998; Productivity Commission 2002, 2005). Skill shortages have led to some rethinking of the productive capacity of mature age workers, along with a growing emphasis by governments and other groups on the merits of employing workers in older age groups (Allen Consulting Group 2006; Bishop 1999; House of Representatives 2000; Productivity Commission 2002, 2005; Sheen 2001). In recent years governments and business groups have begun to more seriously promote the importance of training, retaining and recruiting older workers as a key means by which to insulate organisations from skill shortages which are predicted to worsen considerably as baby boomers reach retirement (Encel 2003; Productivity Commission 2002, 2005).

The introduction of the new apprenticeship scheme by the federal government in 2001 saw the removal of traditional age restrictions that had applied to apprenticeship training (Encel 2003) and in recent years the government has been promoting the availability and benefits of mature age apprenticeships. The Minister for Vocational and Technical Education reported that there were about 3,500 mature age apprentices in training (in 2006) compared to about 400 a decade ago, however, the *7.30 Report* reported they still remain a fraction of the estimated 148,000 apprentices in training (*7.30 Report* 18 May 2006). Reporter, Scott Bevan suggested the low uptake of mature age apprenticeships may be due to an attitude by some employers that only young people make suitable apprentices.

May 2006 saw the announcement of plans to lift retirement ages in the Australian military (for

non-combat positions) in an effort to address labour shortfalls (Blenkin, 12 May 2006, *Courier Mail*, 22). In contrast to an apparent lack of interest in older workers thus far by employers, this recent development in itself may indicate that labour shortages are starting to force some employers to re-evaluate some of their long held perceptions of mature age workers. May 2006, also saw the Australian Treasurer, Peter Costello also announced that he had developed superannuation and taxation reforms designed to encourage workers to remain in the workforce after age 60. These changes come into effect on 1 July 2007, after which superannuation benefits for those 60 years and over will no longer be classed as assessable income. The Treasurer explained that the Government is trying to stem the trend towards early retirement and new a concept of retirement which includes the option of part-time retirement combined with part-time work (Costello 2006, Treasury 9 May).

CONCLUSION

Despite a large body of evidence on the productive value of older workers, effort spent on promoting their worth research continues to show that many employers have remained reluctant to employ these workers. Pressure for change is expected to occur with population ageing which is likely to intensify labour and skills shortages in the future. Labour market programs (eg provision of employer incentives to hire mature age workers) and other policies developed by Australian governments to increase mature age workforce participation have had quite limited success to date.

The trend to divest from a full-time workforce to minimise costs and maximise profits may well exacerbate future skill shortages if secondary sector workers continue to receive very little in the way of employer supported education and training. This is consistent with research showing that investment in training by Australian employers is substantially less than those of many comparable countries. In contrast, companies that are highly committed to the training and development of

their whole workforce have been shown to outperform others over the medium and longer term. In the context of intensified future labour shortages, prudent employers and managers need to direct their efforts towards training, recruitment and retention policies for older workers as opposed to avoidance early redundancy.

The Australian Government recently began developing new policy to encourage workforce participation by older workers, including the opening up of military jobs for older workers and the introduction of superannuation and taxation reforms with genuine incentives designed to make continued workforce participation including part-time employment financially attractive to older workers. These reforms may well make peripheral sector employment more attractive for some older workers, however, it does not augur well for many other workers in an environment in which 'flexible' jobs with low standards of employment continue to expand while full-time jobs continue to contract. In terms of addressing this has been argued that there is a pressing need to develop sufficient regulatory protection for 'flexible' non-standard labour, so that benefits, standards and human capital development opportunities that apply to full-time positions can be made available to all workers (Pocock 2003). However, the Australian government's efforts to promote the value of older workers and encourage of their continued participation as the working population continues to age, appears at odds with a neo-liberal agenda of labour market deregulation labour, serving to make labour market participation less attractive for many older workers.

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