

# workforce crisis in need of urgent attention

COMMENT,  
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Over the next decade, population growth in Australia will be concentrated in the over-55s.

From 2000 to 2020, the number of 55-to-64-year-olds will grow more than 70 per cent. So does the number of 65-to-74-year-olds.

For the under-55s, the population will remain stable.

It is estimated that the over-55s will account for half the growth in retail spending in the next decade. Their share of Australia's assets is about to double. Despite a large number being pensioners, over-55s have at least a quarter of Australia's total disposable income.

Our ageing population also creates more demand for health and aged-care services. This can be overstated by alarmists - increased health costs are due more to new technologies than to ageing - but an older population will increase demand significantly.

So our ageing society will actually create greater demand for goods and services. Is that not good news for the economy? It would be if we had the workforce to deliver it.

The rate of growth of our workforce is slowing. That will continue as there are not enough new entrants to replace retirees. The impact is different around Australia. The trend is not so bad in Western Australia and Queensland, but in South Australia we can expect a declining workforce from now on.

How do we deal with this? How do

we increase the workforce? Participation rates in most age groups are at historical highs - except in the over-55s. Workforce participation rates for men over 55 years have fallen, and are very low in SA.

Participation rates for women are growing as the new generation of working women stay on.

In 2001, Access Economics in a report *Population Ageing and the Economy* told us that "increasing workforce participation by men and women over 55 could substantially offset slow growth in the working age population".

The increase need not be dramatic - a couple of points more participation will have a real impact.

To achieve this, we need to introduce more flexible work practices, provide older workers with more training and retraining opportunities, and encourage and remove barriers to later retirement. We need to actively work to keep and recruit mature staff. Little of that is happening in SA's small to medium enterprise-dominated economy. Government is showing only token interest and no leadership.

A very predictable crisis is looming. Forget the destroyers and the mines - we will not have people to staff hospitals and nursing homes, keep the electricity, gas and water flowing, or build houses. This issue should be on top of the Economic Development Board's agenda but it has been consigned to the "too hard" basket.