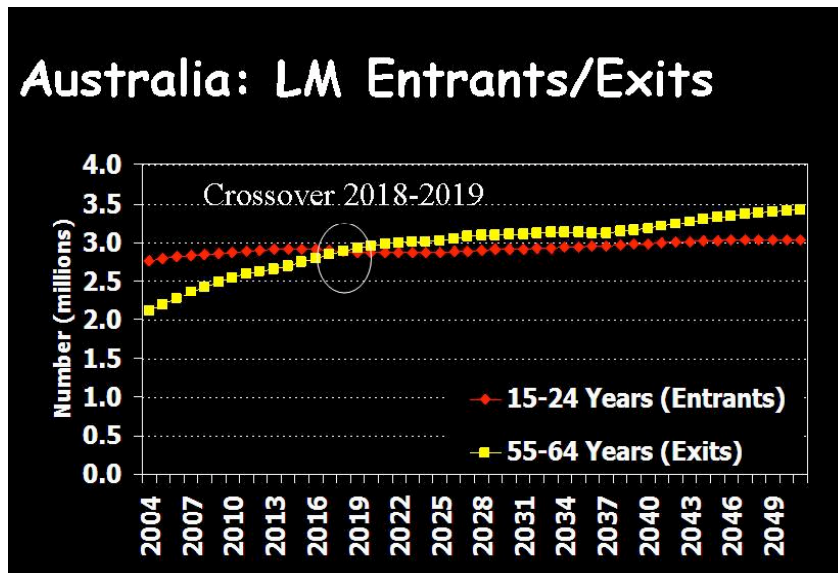




The following commentary is based on information drawn from the results of an Australian Survey of Retirement Attitudes and Motives (ASRAM): 2,500 households where the Household Head is aged 40 to 59 years.

One consequence of ageing is that the number of potential workforce entrants (15 to 24 years of age) will decline relative to the number of potential workforce exiters (54 to 65 years). The ASRAM projections for Australia illustrate the nature of this issue.



The entry/exit ratio is projected to fall below 1 in 2015 – 2019: a benchmark maybe too far out for policy purposes. The following questions arise:

- What SUPPLY SIDE Policies are required to ensure that the supply of labour keeps pace with demand?
- On the DEMAND SIDE and focussing on the projection for entrants, how do we allocate a scarce (in relation to growing demand) supply of entrants?

In relation to the supply side, the ASRAM survey finds that baby boomers are forced to consider retiring prior to their preferred date for health, stress, mandatory occupational conditions, retrenchment reasons. Financial factors force them to retire after their preferred retirement date. Their clear preference (84%) is for phased retirement, but only 10% surveyed have discussed this option with management giving rise to a further question:

How do we develop and implement “transition to retirement” protocols?

In relation to policy for retention of skilled workers, the following carrot and stick options were canvassed in ASRAM:

CARROTS: Tax reductions for workers > 65 years; increased earnings before age pension reduces; bonus payments for workers > 65, increased training options for alternative kinds of work; greater recognition of physical disability, more jobs involving mentoring,





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Workforce Ageing: Research Questions, by Bruce Felmingham



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STICKS: Requiring those on age pensions to seek P/T work (if fit); abolish lump sum superannuation option; raise age pension qualifying age for early retirees using lump sums; increase ages/pension of lower rates, CARROTS were invariably preferred to STICKS in ASRAM.

The following question is central to the allocation issue inherent in the relatively slow growth of potential entrants.

How do we allocate an increasingly scarce resource (15 to 25 year olds) to meet the demands from tertiary institutions and from employers?

The market answer to this question is to ensure the relative values of the alternative open to new entrants are efficiently achieved.

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