



Report

Date: 16 March 2018

Security Level: IN CONFIDENCE

To: Hon Tracey Martin, Minister for Seniors

Realising the economic potential of older New Zealanders

Purpose of the report

- 1 This report:
 - 1.1 provides an overview of the growing economic contribution of people aged 65 and over as workers, volunteers, consumers and taxpayers
 - 1.2 responds to your interest in labour market participation rates by age (including at what age participation starts to tail off), gender and ethnicity
 - 1.3 responds to your request for information on the issues facing older workers, particularly older women
 - 1.4 looks at further support for workforce participation and how you might influence your colleagues and employers to reduce barriers and increase the opportunities for older people to contribute.
- 2 Age-related issues can affect workers well before they turn 65. In this report, the terms "older workers" and "older people" includes people aged 45-65 as well as seniors aged 65 and over.

Executive summary

- 3 People aged 65 and over are making an increasing contribution to the paid and unpaid workforce, as taxpayers and as consumers. The proportion of people 65 and over in the labour force (employed or actively seeking work) is expected to increase significantly, primarily due to increased numbers in this age group rather than increased rates of participation.
- 4 New Zealand's total labour force is expected to keep growing, but at a slower rate as the population ages and population growth slows. If current trends continue, this will worsen existing skills shortages, particularly for skilled labour. Supporting labour force participation and upskilling of the older population is one way to address such shortages.
- 5 Overall, males and females spend a similar amount of time in total on work. However, men do more paid work and women do more unpaid work in all age groups. In 2009/2010, men worked more in total between ages 25 and 64 than women the same age, while women in the younger and older age groups worked more in total than their male counterparts.
- 6 Māori under 65 have lower employment rates than average, but Māori aged 65 and over have higher employment rates than other ethnic groups. People with no qualifications and those with disabilities have lower employment rates across all age groups.
- 7 Health, finances, work-related factors and caring responsibilities all affect older people's choices around work and retirement. Issues facing older workers include age

discrimination, lower average skill levels, access to training and the availability of flexible work. Women are more likely than men to be juggling (or choosing between) caregiving responsibilities and work, and to have lower retirement savings.

- 8 This paper identifies opportunities to further support workforce participation of older workers and opportunities for you as Minister for Seniors to influence your Cabinet colleagues and others.

Recommended actions

It is recommended that you:

- 1 **note** the growing economic contribution of seniors and the issues facing older workers
- 2 **note** that the new Positive Ageing Strategy and action plan, which you are leading, will add to our understanding of the issues affecting older people's ability to remain in work and provide ideas for further action
- 3 **note** the opportunities to work with your Ministerial colleagues, in particular the Ministers of Finance, Workplace Relations, Education, Economic Development, and State Services, to reduce workforce barriers and increase opportunities for older people to contribute to the economy.

Justine Cornwall
General Manager
Seniors and International Policy

Date

Hon Tracey Martin
Minister for Seniors

Date

People aged 65 and over make a significant economic contribution that will grow over time

Value of older workers

- 9 Seniors are making a growing contribution to the economy as paid and unpaid workers, taxpayers and consumers, and this contribution is expected to continue to grow as the population ages.
- 10 In addition to increased numbers of older workers, older people bring experience and knowledge that can be difficult to replace.¹

The number of workers aged 65 and over is expected to keep increasing

- 11 Stats NZ published updated national labour force² projections in December 2017.³
- 12 They suggest that, in the long term, slower population growth and an increasingly older age structure (including a larger proportion of those over 80) is expected to slow overall labour force growth.
- 13 The projections have been revised down a little from their previous projections, but still tell a similar story for those aged 65 and over:
 - The number in the labour force aged 65 and over is expected to increase significantly from 171,000 in 2017 to 246,000–379,000 in 2038, driven primarily by increased numbers of people in this age group. The wide range reflects the considerable uncertainty in the projections for older people⁴. We use the median (50th percentile) projections. See Figure 1.
 - The proportion of the labour force that is 65 and over is projected to increase from 6 percent in 2017 to 8–11 percent in 2038. Figure 2 shows the estimated distribution up to 2017 and median projections after that.

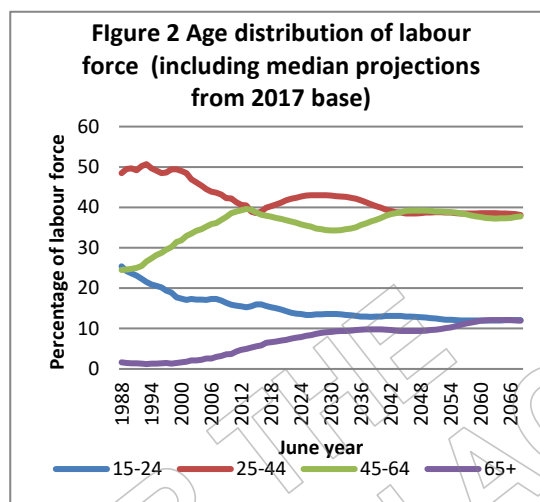
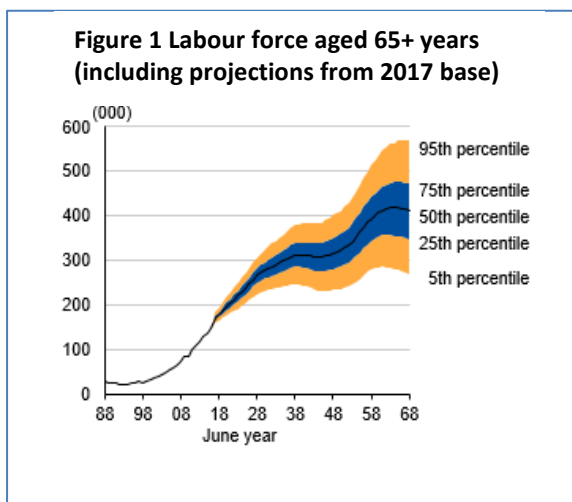
¹ For example, O'Donohue, 2000 cited in Davey, 2007

² The labour force is the population aged 15 years and over who are classified as "employed" (regularly working at least one hour per week) or "unemployed" (without a paid job, available for work and actively seeking part-time or full-time work). It does not include those who are available for work, but not actively seeking work.

³ <https://www.stats.govt.nz/information-releases/national-labour-force-projections-2017base2068>

⁴ Projections of labour force participation rates for the older age group are particularly uncertain. This is due to relatively fast growth in participation rates for males aged 60 and over and females aged 50 and over in recent years, greater potential to increase participation rates for those aged 60 and over, and a range of social and economic factors that affect labour supply and demand.

- The labour force participation rate for those aged 65 and over (23 percent in 2017) is expected to increase slightly.



Source: Stats NZ, National labour force projections: 2017(base)-2068

- 14 The labour force participation rate for people in their 50s is projected to increase from 85 percent in 2017 to 88 percent in 2038. For people in their 60s, the labour force participation rate is currently 59 percent, but this will rise to 64 percent in 2038.

Work brings economic benefits

- 15 If older people are able to contribute to their full economic potential, this will have financial benefits for both the individual and for the economy:
- They will be more able to set themselves up financially for later life.
 - They will be contributing more as tax-payers and will be less likely to be dependent on government assistance.
 - Their productivity as workers will increase, which will have a positive effect on economic growth.⁵

The Business of Ageing projections highlight seniors' growing contribution to the paid workforce, as taxpayers and as consumers

- 16 The *Business of Ageing* (BoA) reports published by the Office for Seniors pull together Stats NZ's labour force projections and other statistics to estimate the current and future economic contribution of people aged 65 and over. A key aim of these reports is to highlight to businesses the opportunities to make the most of older people's expertise and experience and tap into a growing consumer market.
- 17 The latest BoA update⁶ projected that, in 2016 dollars:
- wage and salary earnings of seniors are likely to rise from around \$4.8 billion in 2016 to around \$10.7 billion in 2031
 - remuneration of self-employed seniors is similarly likely to rise from around \$1.7 billion in 2016 to around \$3.8 billion in 2031

⁵ Davey, 2007. *Maximising the Potential of Older Workers: Update to 2007*. https://www.researchgate.net/profile/Judith_Davey/publication/242730633_Maximising_the_Potential_of_Older_Workers/links/02e7e53bdd16382588000000.pdf

⁶ The latest BoA update drew on the same median population and labour force projections as those used in Treasury's 2016 Long-Term Fiscal Statement, which are not now the latest projections.

- seniors' contribution to tax revenue is projected to increase from a total of \$5.5 billion in 2016 to \$11.3 billion in 2031
- the total value of consumer expenditure by seniors (inclusive of GST) is projected to rise from around \$20.7 billion per year in 2016 to around \$42.4 billion in 2031.

18 Appendix 1 shows the latest BoA factsheet.

Suitable work also provides other benefits to the individual

19 As well as economic effects, it is important to recognise that suitable work is generally good for physical and mental health and well-being, provided jobs are safe and accommodating. Re-employment of older workers can improve both physical functioning and mental health.⁷

Caring and voluntary work also play an important role in the economy and society

20 The contribution of caring and voluntary work to the economy and society includes:

- unpaid care of unwell or disabled partners and other relatives, which reduces the demands on the formal care workforce
- older people caring for their grandchildren while their parents work, which frees up those parents for participation in the labour force.
- grandparents looking after grandchildren when parents are not able to do so, which can be better for the children and reduce the pressure on state care
- formal voluntary work outside the household, which helps the community, supports social connectedness, and can also be a good way to get work experience and learn new skills.

21 The latest BoA update projected that, in 2016 dollars, the value of the unpaid work of seniors could rise from around \$11 billion per year at present to around \$21 billion per year in 2031, assuming a proxy 'Carer Wage' of \$16.49 per hour.

22 The 2009/2010 Time Use Survey found that people age 65 and over spend more time on unpaid work than people at other life stages.⁸ They spent more time than other age groups on each of unpaid work for their own household, unpaid work for other households and unpaid work for an organisation or group (e.g. a marae or church group).

New Zealand's policy and regulatory settings support our high workforce participation rates for older people

23 New Zealand ranks sixth in the OECD for the employment of 55-59 year olds, second for 60-64 year olds and fourth for 65-69 year olds.⁹ These levels are well above Australia. While no one factor is responsible, Australia does have a means-tested age pension policy, which is a disincentive to paid work.

24 High participation relative to most other OECD countries is supported by policy and regulatory settings including:

⁷ Waddell, Gordon and Burton, A Kim (2006). *Is work good for your health and well-being?* Commissioned by Department for Work and Pensions.

<https://www.gov.uk/government/publications/is-work-good-for-your-health-and-well-being>

⁸http://archive.stats.govt.nz/browse_for_stats/people_and_communities/time_use/TimeUseSurvey_HOTP2009-10/Commentary.aspx

⁹ OECD, *Pensions at a Glance 2017*

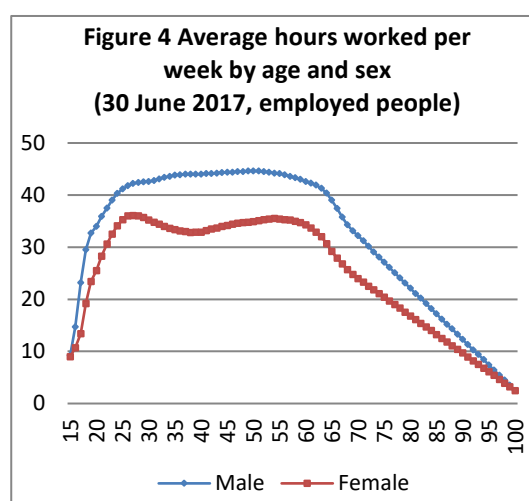
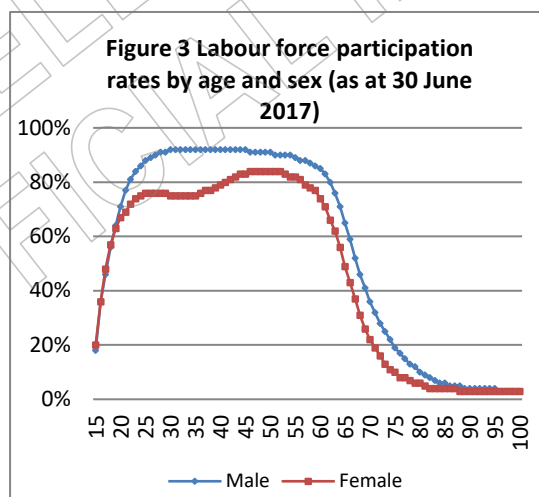
- no legislated retirement age or ability for employers to specify a retirement age (with some exceptions, such as coroners and judges)
- universal superannuation, which is not means tested (the surcharge was abolished in 1998)
- protection from age discrimination under the Human Rights Act 1993 and the New Zealand Bill of Rights Act 1990¹⁰
- flexible work legislation, which gives all employees the right to request a change to their working arrangements.

Labour market participation rates vary by age, gender, ethnicity, education level and disability status

25 There is no consensus about the definition of an older worker. Most definitions used in the research include people aged 55 and over, some include in their early 50s and some include people in their late 40s. This reflects the fact that age-related employment issues can affect people in these age groups.

The age-related decline in labour force participation starts in men and women in their late 40s and early 50s respectively

- 26 In the 2009/2010 Time Use Survey, males and females spent a similar amount of time on all paid and unpaid work activities combined (productive activities), but most male work was paid (63 percent) and most female work was unpaid (65 percent)¹¹.
- 27 Men do more paid work and women do more unpaid work in all age groups. In 2009/2010, men worked more in total between ages 25 and 64 than women the same age, while women in the younger and older age groups worked more in total than their male counterparts.
- 28 In New Zealand, male labour market participation rates peak at 92 percent from ages 30 to 45, while female labour market participation rates peak later (and lower) at 84 percent from ages 46-52. Male participation rates are higher than female participation rates from ages 19 to 95. See Figure 3.
- 29 Average hours worked in employment are higher for men than women in all ages, with a gap of 10 hours or more from ages 34 to 46. See Figure 4.



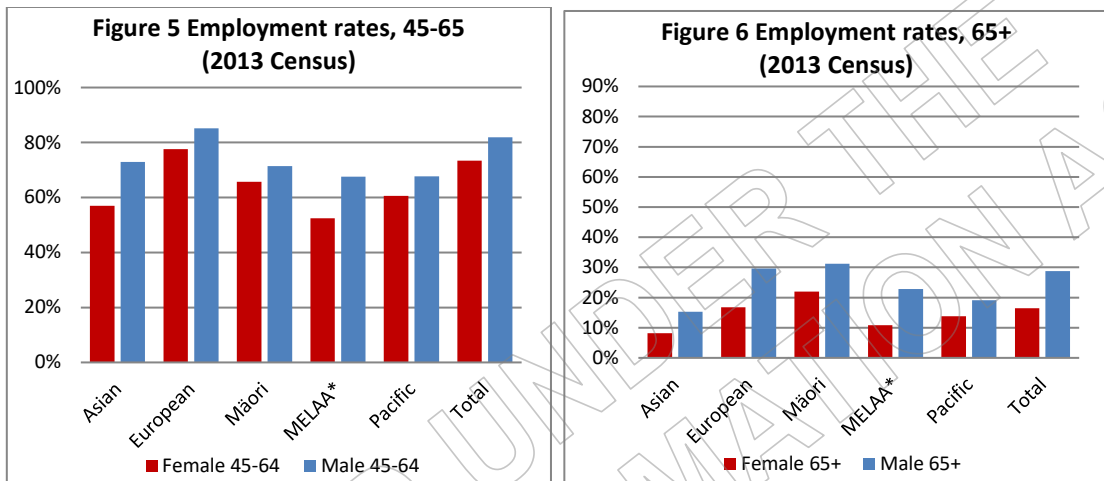
¹⁰ <http://www.agediscrimination.info/international-age-discrimination/new-zealand>

¹¹ http://archive.stats.govt.nz/browse_for_stats/people_and_communities/time_use/TimeUseSurvey_HOTP2009-10/Commentary.aspx

Source: Stats NZ, national labour force projections base data

Different ethnic groups also participate differently in the labour force

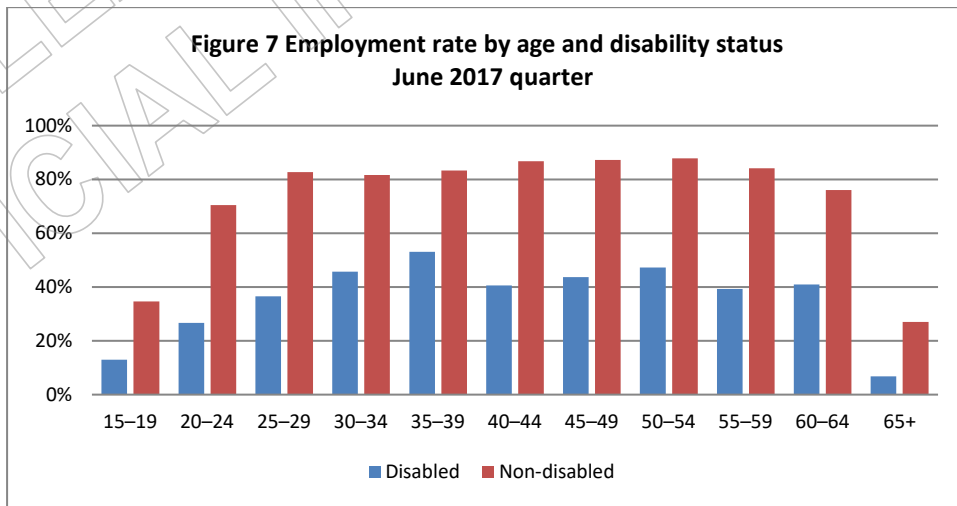
- 30 Figures 5 and 6 show employment rates (rather than participation rates) for those aged 45-64 and 65 and over by ethnic group and sex.
- 31 Māori men and women under 65 have lower employment rates than average, but Māori aged 65 and over have higher employment rates than other ethnic groups. This may reflect a greater need to work to make ends meet, but further work is required to confirm this.



Source: Stats NZ. * MELAA = Middle Eastern/Latin American/African

Disabled people have lower employment rates and earn less

- 32 Disabled people are more likely to be unemployed or out of the labour force, across all age groups. Employed disabled people worked fewer hours per week than non-disabled people and had lower hourly wages. Their average weekly incomes were just over half those of non-disabled people.¹²



Source: Stats NZ. Labour Market Statistics (Disability): June 2017 quarter

Issues facing older workers

- 33 While New Zealanders are living longer, the age to which we are likely to live in good health is not increasing at the same rate as life expectancy. At the age of 65, people

¹² Stats NZ, *Labour Market Statistics (Disability): June 2017 quarter*

can only expect to live half of their remaining lives either free of disability or with functional limitations that can be managed without assistance.¹³

- 34 Poor health of an older person, and of family members, is a significant contributor to early retirement and reduced workplace attachment.
- 35 The availability of suitable accommodations, ranging from suitable equipment to flexible work, can support the person to continue work in some cases.

There is scope to improve the availability of flexible work

- 36 Availability of suitable part-time or otherwise flexible work can affect whether older people continuing working or not, including some whose health or caregiving responsibilities prevent them working full-time and some who want to more time to do other things. Moving into part-time work is a way to smooth the transition to retirement.¹⁴
- 37 There appears to be scope to improve the availability of flexible work. The Health, Work and Retirement Study found that more than a quarter of those who wished to work part-time were instead retired or not in work. Less than a third of the working participants who were caregivers were aware of their legal right to request flexible working arrangements. Of those who requested it, 73 percent had their requests granted in full and 14 percent were refused.¹⁵

Some older people are working to make ends meet

- 38 Forty-five percent of respondents to The Health, Work and Retirement Study aged 56 to 77 years old said they continue to work because they cannot afford to retire.¹⁶ Changes in the rate of home ownership, the length of time to become mortgage-free and high rentals is expected to increase the number of people who need to continue working for longer.

Older people can find it harder to find work

- 39 Employer attitudes towards older workers, feeling valued, workplace relationships and social environment and whether the work is interesting can also have an influence on whether people want to continue working.¹⁷
- 40 Older people who lose their job, for example through redundancy, and those without prior workforce attachment can take longer to find work than younger people and those already in work.
- 41 The Ministry of Social Development's (MSD) client base includes a significant number of financially vulnerable people aged 45-64 whose prospects for their financial security and well-being are particularly concerning. This includes about 24,000 beneficiaries aged 45 and over who have been assessed as work-ready and are receiving Job Seeker Support.

¹³ Ministry of Health, 2016. *Healthy Ageing Strategy*

¹⁴ Davey, 2007

¹⁵ Alpass, Spicer et al, 2015

¹⁶ Alpass, Spicer, Stevenson & Stephens, 2015. *Experiences of older workers: Preferences, plans, and attitudes*. http://www.massey.ac.nz/massey/fms/Colleges/College_percent20of_percent20Humanities_percent20and_percent20Social_percent20Sciences/Psychology/HART/publications/reports/ICC_Older_worker_experiences_report_2015.pdf?2A0466056202F21B0B7CBA28A6BD6086

¹⁷ Davey, 2007

Age discrimination can affect older people's ability to find work and their experience at work

42 Estimates of the prevalence of age discrimination vary considerably:

- A survey run by the Human Rights Commission and the Office for Senior Citizens in 2014 found that withholding of jobs or promotion was an issue for some workers. Forty per cent had either witnessed or had been involved with age discrimination.¹⁸
- At the same time, the Equal Employment Opportunities Commissioner commented that the number of workers making a complaint about age discrimination remains steady at around 60 a year, but was believed to be widely under-reported.
- In the 2012 Survey of Working Life, only 10 percent of workers aged 55 and over said they had experienced harassment, discrimination, or bullying at work in the last 12 months.¹⁹

43 Changing attitudes towards older workers is the key to addressing age discrimination. The OECD (2006) says "Older workers are a very diverse group, and hence any characterisation or generalisation concerning their work ability, motivation and receptivity to training is likely to be misleading. To the extent that employers' views of older workers are stereotypes, they could give rise to age discrimination both in the hiring, firing, compensation, training and promotion of older workers."²⁰

Older people have less opportunities to upskill

- 44 Older workers appear to have less access to workplace training that provides workers with opportunities to enhance skills that are relevant for their work. The 2014 Survey of Adult Skills (also known as PIAAC) found that mid-range age groups were more likely to participate on-the-job training and seminars/workshops than those aged 16-24 and 55-65.
- 45 According to Burkert and Hochfellner (2007)²¹, investments in employability and lifelong learning are the most important instruments of public policy to keep older workers in the labour market.

Women earn less and have lower retirement savings than men

- 46 Women can expect to live longer and for more years after turning 65, but have less savings set aside for retirement than men. Reasons for this include women's lower rates of participation in paid work, interrupted careers due to child-raising, lower average hours worked and the gender pay gap.²²
- 47 Women are more likely to care for their older relatives and many are in the "sandwich generation" juggling responsibilities for children and older relatives with work. Elder caregivers are typically women in their mid-forties working full-time²³ and

¹⁸ <http://superseniors.msd.govt.nz/finance-planning/paid-work/age-discrimination.html>

¹⁹ http://archive.stats.govt.nz/browse_for_stats/income-and-work/employment_and_unemployment/workers-aged-55plus-article.aspx

²⁰ OECD, 2006. *Live Longer, Work Longer*. Cited in Davey(2007).

²¹ Burkert, Carola and Hochfellner, Daniela, 2017. *Employment Trajectories Beyond Retirement*. Journal of Aging and Social Policy Volume 29, 2017 – Issue 2

²² According to a recent survey by Westpac NZ, four percent of women reported having \$50,000 or more set aside in their KiwiSaver for retirement, compared to 13 percent of men, and 39 percent of women reported having other investments to help fund their retirement, compared to 52 percent of men.

²³ Davey and Keeling, 2004

women are five times more likely than men to retire early from work due to elder care responsibilities. An Australian Taskforce on Care Costs found that more than one in four Australian workers with caring responsibilities had already reduced their working hours due to the high cost of care, and 25 percent had considered leaving the workforce altogether.²⁴

- 48 The recent pay equity settlement for care and support workers in New Zealand's aged and disability residential care and home and community support services²⁵ will help address this gap. The Government has announced that this will be extended to include mental health workers.²⁶ The Government has also announced it will update the Equal Pay Act and the Employment Relations Act 2000 to make it easier for women to file pay equity claims with their employers, rather than having to go through the courts and assist employers in addressing those claims.²⁷
- 49 Other work underway to address the gender pay gap includes raising awareness about the gender pay gap and its drivers and working with business and public service leaders to generate more urgency on this issue. The Ministry for Women is working with the State Services Commission (SSC) to address gender pay gap issues in the public service.

There is a mix of current and potential work that can support workforce participation of older workers

Older workers can help address looming skills shortages

- 50 Firms are already reporting skill shortages, particularly for skilled labour. In an Employers and Manufacturers Association (EMA) survey of companies in the top half of the North Island in late 2017:
 - 61 percent were finding it difficult or very difficult to recruit overall
 - 72 percent found it difficult or very difficult to recruit for skilled positions
 - 49 percent had recruited migrants from overseas and 49 percent were upskilling current employees
 - 64 percent said they were prepared for an ageing workforce
 - 13 percent were prepared to encourage employees to continue working past the age of entitlement to superannuation.²⁸
- 51 Supporting the workforce participation of older people, making the best use of their experience, including mentoring younger workers, and maintaining and updating their skills is one way to help address labour force shortages.
- 52 Existing and potential work to support the workforce participation of older workers includes:
 - working with the EMA and BusinessNZ-led working group to shift employers' perceptions and practice

²⁴ *Critical issues for New Zealand women's employment, now and in the future*. Report prepared in 2008 for the National Advisory Council on the Employment of Women.

²⁵ <https://www.health.govt.nz/new-zealand-health-system/care-and-support-workers-pay-equity-settlement>

²⁶ <https://www.beehive.govt.nz/release/mental-health-workers-benefit-pay-equity>

²⁷ <http://women.govt.nz/work-skills/income/gender-pay-gap/what-government-doing>

²⁸ *EMA Employers Survey- End of 2017 findings*. <https://www.ema.co.nz/resources/EMA-percent20Reports-percent20and-percent20Documents/Advocacy/Employers-percent20survey-percent202017-percent20final.pdf> Note: there were 421 respondents out of a total of 4000 member companies.

- working with the Retirement Commissioner and the Commission for Financial Capability (CFFC)
- raising awareness of flexible work arrangements provisions
- supporting carers through a new Carers' Strategy Action Plan
- encouraging the development of Age-friendly Communities
- there may be potential to work more proactively with job seekers aged 45 and over
- supporting the employment of older or less skilled workers
- training and retraining
- changes to secondary tax
- the Public Service's role in modelling best practice in the employment of older workers
- the proposed development of an employment strategy.

Working with the EMA and BusinessNZ-led working group to shift employers' perceptions and practice

- 53 There is scope to work alongside employers and businesses to shift their perceptions about middle aged/older workers and encourage more flexible working options. While many employers recognise workforce issues arising from population ageing, many have not planned for it and are uncertain of how to manage it. They are seeking a strategy and tools to assist them.
- 54 MSD and the Office for Seniors are currently working on workforce issues relating to older people in partnership with the EMA, BusinessNZ, the Ministry of Business, Innovation and Employment, Inland Revenue (IR), Tertiary Education Commission (TEC), the CFFC, Stats NZ, the Council of Trade Unions (CTU), and the Human Resources Institute of New Zealand.
- 55 A white paper is currently being drafted by the working group and is expected to be finalised by March 2018. The working group intends to distribute the white paper to key Ministers. We will provide you with a report and advice on the paper once finalised.

Working with the Retirement Commissioner and the CFFC

- 56 The CFFC's 2016 Review of Retirement Income Policies included the following recommendations around the ageing workforce:
- national conversation and attitude change towards older workers, including recognising the importance of older workers' skills and experience, and how this can be maximised and transferred, and the need to address age discrimination
 - improved tools and capability to manage an ageing workforce – this focused on Government, the business sector and organisations working together to develop guides and best practice frameworks and the importance of flexibility for older workers
 - retraining and career transition support for people over 50, including more support to transition between different careers and jobs later in life
 - additional assistance for people over 50 who are seeking work – they noted that more work is required on the best form of assistance, which could include skills and training, employer subsidies such as the Australian Re-Start programme and help with the recruitment process.
- 57 MSD and the Office for Seniors will continue to engage with the Retirement Commissioner and the CFFC and look for further opportunities to work with them.

Raising awareness of flexible work arrangements provisions

- 58 Under the flexible working provisions in the Employment Relations Act, all employees can ask at any time to change:
- hours of work (over a day, a week or year)
 - days of work
 - place of work
 - how work is done
 - how starting and ending work are managed
 - how work is managed in the workplace to help employees and businesses.
- 59 Employers have a duty to consider the request and let the employee know the decision in writing. Employers can refuse a request on one or more of a specified list of business grounds or if it conflicts with a collective agreement.²⁹
- 60 There appears to be scope to raise awareness of these provisions. As noted above, less than a third of working participants in the Health, Work and Retirement Study who were caregivers were aware of their legal right to request flexible working arrangements. There may also be scope to improve employers' knowledge and attitudes.
- 61 The Office for Seniors could work with the Ministry of Business, Innovation and Employment (MBIE) to do this.

Supporting carers through a new Carers' Strategy Action Plan

- 62 The current Carers' Strategy Action Plan 2014-2018 includes an objective to improve pathways to paid employment for carers and support for whānau, aiga, family and carers to balance their work, life and caring roles.
- 63 The development of a new action plan for 2019-2023 is an opportunity to look at how to better support carers to balance their caring role and other needs including work. We will work with our MSD colleagues to include an older person's perspective.
- 64 The Minister for Social Development is the lead minister for this work. We will also raise the promotion of flexible working arrangements with our colleagues working on the new Carers' Strategy Action Plan.

Encouraging the development of Age-friendly Communities

- 65 *Civic participation and employment* is one of eight topic areas in the World Health Organisation's framework for Age-friendly Communities. It includes volunteering options for older people, better employment options and more opportunities, flexibility to accommodate older workers and volunteers, supporting educational opportunities and encouraging civic participation. Communities work in partnership with councils and local service providers to identify and prioritise the changes needed and develop and implement an action plan to achieve the changes.
- 66 During the development of the Age-friendly plan for Hamilton, seniors fed back that more needed to be done to show employers the benefits of older workers. The plan also includes a marketing campaign to encourage older people in Hamilton to become volunteers.
- 67 The New Plymouth Age-friendly Strategy includes a number of priorities under the *Civic participation and employment* topic area. These include transition to retirement programmes, a good practice guide, increased IT and computer literacy training, and proposed expansion of the Employability Programme to include older people.
- 68 A number of regions have economic development strategies that include an employment focus and some regions are talking about the need to retain older

²⁹ <https://www.employment.govt.nz/workplace-policies/productive-workplaces/flexible-work/>

workers. Gore and the Horowhenua region have a seniors work stream within the regional development programme.

- 69 Our work to promote age-friendly communities will enable more seniors to contribute to their community through or employment or voluntary work if they wish to.

Training and retraining

- 70 Cost may be a barrier for some older people who wish to study for qualifications to update their skills. There is no upper age limit on the new Fees-Free policy or on access to New Zealand Apprenticeships. However, older people receive less support through student loans (compulsory course fees only from age 55) and student allowances. The maximum number of weeks a person can get a student allowance reduces from 200 weeks to 120 weeks at age 40, including any weeks the person has had before, and ceases at age 65 whether or not the person qualifies for NZS/VP.
- 71 The Training Incentive Allowance (TIA) is available to sole parents and disabled people and their carers, recognising that these groups face additional barriers to entering work. The most recent data we have readily available (for 2005) shows that 8 percent of TIA recipients were aged 45-49 and 7 percent were 50 or older at that time. In 2009, a Budget savings initiative restricted eligibility for the TIA to courses up to level three on the National Qualifications framework.³⁰
- 72 In December 2017 the Minister of Education announced teacher supply package that includes \$1.250 million for refresher training to retain experienced teachers whose practicing certificates are about to expire and attract back teachers who haven't taught for six years or more.³¹
- 73 TEC has recently developed a Careers Systems Strategy at a "whole of system" level for the government, informed by engagement with a range of stakeholders (including GreyPower, Ace Aotearoa and retired people). The focus is employment resilience and lifelong learning, with a focus on people aged 11 to 75, so that New Zealanders have the skills and capability to have sustainable employment for as long as they need to. They are working on a 100 day plan to operationalise their findings.
- 74 MSD and the Office for Seniors will work with TEC on how we might partner with them to advance their strategy. We will also work to raise awareness of the importance of workplace training for older people.

Changes to secondary tax

- 75 Opportunities have been identified to eliminate secondary tax as part of IR's Business Transformation, to ensure that people are paid at the correct rate throughout the year, and to automate the refund process for secondary tax.³² Both New Zealand First and Labour tax policies included removing secondary tax.³³ This would benefit superannuitants who have income from paid work.
- 76 The Minister of Revenue is expected to take a range of proposals regarding the taxation of individuals to Cabinet later this month. These proposals include removing secondary tax codes and replacing them with tailored tax codes that reflect their circumstances for people who have multiple jobs. This would benefit NZS/VP recipients who are also employees if the amount of their NZS/VP took their total income into a higher tax bracket. In this situation they will have been paying a higher

³⁰ Level three on the National Qualifications Framework is equivalent to Level Three NCEA and certificates that apply basic work skills. It excludes graduate level certificates and bachelors degrees.

³¹ <http://www.education.govt.nz/news/teacher-supply-package/>

³² <http://www.labour.org.nz/secondarytax>

³³ <https://www.interest.co.nz/news/87482/election-2017-party-policies-tax-income-tax>

rate of income tax than they need to and would have had to wait until the end of the tax year to apply for a refund and have access to this money.

The Public Service has a role in modelling best practice in the employment of older workers

- 77 The Public Service workforce reflects New Zealand's ageing population. Data from SSC's Human Resources Capability Survey shows that the proportion of the Public Service workforce that is 55 years or older has increased over the last 17 years, from 10.3% in 2000 to 24.1% in 2017.³⁴
- 78 The SSC is not actively leading work around the ageing workforce at this stage. However, they do support and encourage agencies to focus on strategic workforce management, which includes addressing the ageing workforce. In September 2016, they delivered a one-day seminar at which a leading demographer explored this issue in depth to grow awareness and action.

Opportunities for you in your advocacy role as Minister for Seniors

A new Positive Ageing Strategy and Action Plan

- 79 The current Positive Ageing Strategy includes a number of goals that support older people's employment and community participation. Particularly relevant goals include:
- *Employment* - the elimination of ageism and the promotion of flexible work options)
 - *Income* - secure and adequate income for older people
 - *Attitudes* - people of all ages have positive attitudes to ageing and older people
 - *Opportunities* - increasing opportunities for personal growth and community participation.
- 80 The stakeholder engagement process for a new Positive Ageing Strategy, which you are leading [CAB 18 Min 0039 refers], may help to identify further issues that affect older people's ability to work and ideas for future actions to address these issues.
- 81 We understand that a paper will be considered at Cabinet Social Wellbeing Committee on 28 March seeking approval for the development of an Employment Strategy and an associated reference group to support the Strategy's development. The Seniors Policy team has provided feedback on the strategy to ensure older workers issues are known and considered. An aide memoire with speaking points will be provided to your office prior to the 28 March.

Working with key Ministerial colleagues

- 82 We have identified above a range of current work in other portfolios where you can advocate for older workers and influence opportunities, including the Social Development, Education, Employment, Workplace Relations, Finance, Economic Development and State Services Commission portfolios.

Influencing and informing businesses

- 83 You may wish to meet with BusinessNZ, EMA and CTU to discuss the white paper on older workers mentioned in paragraph 55 once it has been circulated to you and other Ministers.

³⁴ The 2017 data can be found at <http://www.ssc.govt.nz/public-service-workforce-data/hrc-diversity#ageing>.

Next steps

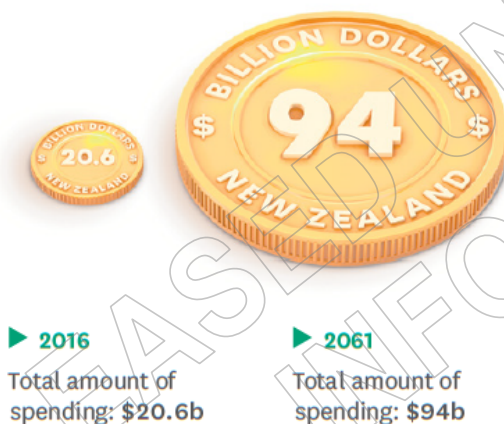
- 84 We will continue to update you, through the Seniors Status Report, on advice and issues that impact seniors workforce participation.

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OFFICIAL INFORMATION ACT

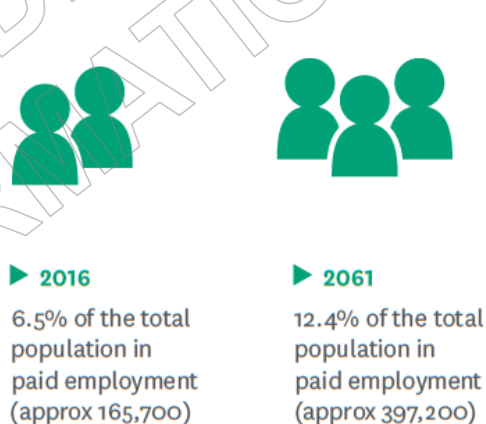
Seniors are making a growing contribution to our economy

Employers and businesses need to understand the key role those aged 65 and over play now and in the future.

Seniors* are growing as a consumer group



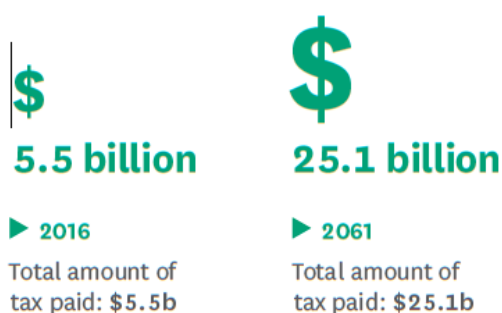
Seniors are growing as a workforce



Seniors are growing as a volunteer group



Seniors are making a growing contribution as taxpayers



*Senior: aged 65 upwards
Note: all figures in 2016 dollars

For more information visit www.superseniors.msd.govt.nz
All data can be found in The Business of Ageing Update 2017

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