



Office for Seniors
Te Tari Kaumātua

Administered by the Ministry of Social Development

Report

Date: 5 March 2021

Security Level: IN CONFIDENCE

To: Hon Dr Ayesha Verrall, Minister for Seniors

Older Workers Employment Action Plan – Process Update

Purpose of the report

To provide you with advice and information on the process and timeline for developing the Older Workers Employment Action Plan (OWEAP), including your agreement to a formal consultation process on a draft endorsed by Cabinet.

Recommended actions

It is recommended that you:

- 1 **note** that this paper proposes presentation of a completed Older Workers Employment Action Plan for approval to Cabinet November/December 2021 and public release early in 2022
- 2 **note** that the action plan will address the needs of the large number of people over 50 who are underutilised in the labour market
- 3 **note** that the action plan will canvas wider societal issues associated with the ageing population and that to address these issues collaboration is needed between the Government and other sectors
- 4 **note** that you will meet with Minister Sepuloni on 17 March 2021 to discuss the process for developing the Older Workers Employment Action Plan
- 5 **agree** to the timeline as detailed in Appendix 1 for the development of the Older Workers Employment Action Plan including formal consultation on a draft endorsed by Cabinet at the end of August 2021
- 6 **agree** to discuss this report, and the process for developing the Older Workers Employment Action plan with officials, in advance of meeting with Minister Sepuloni on 17 March 2021

Agree/Disagree

Agree/Disagree

Diane Turner
Director Office for Seniors

05/03/2021

Date

Hon Dr Ayesha Verrall
Minister for Seniors

Date

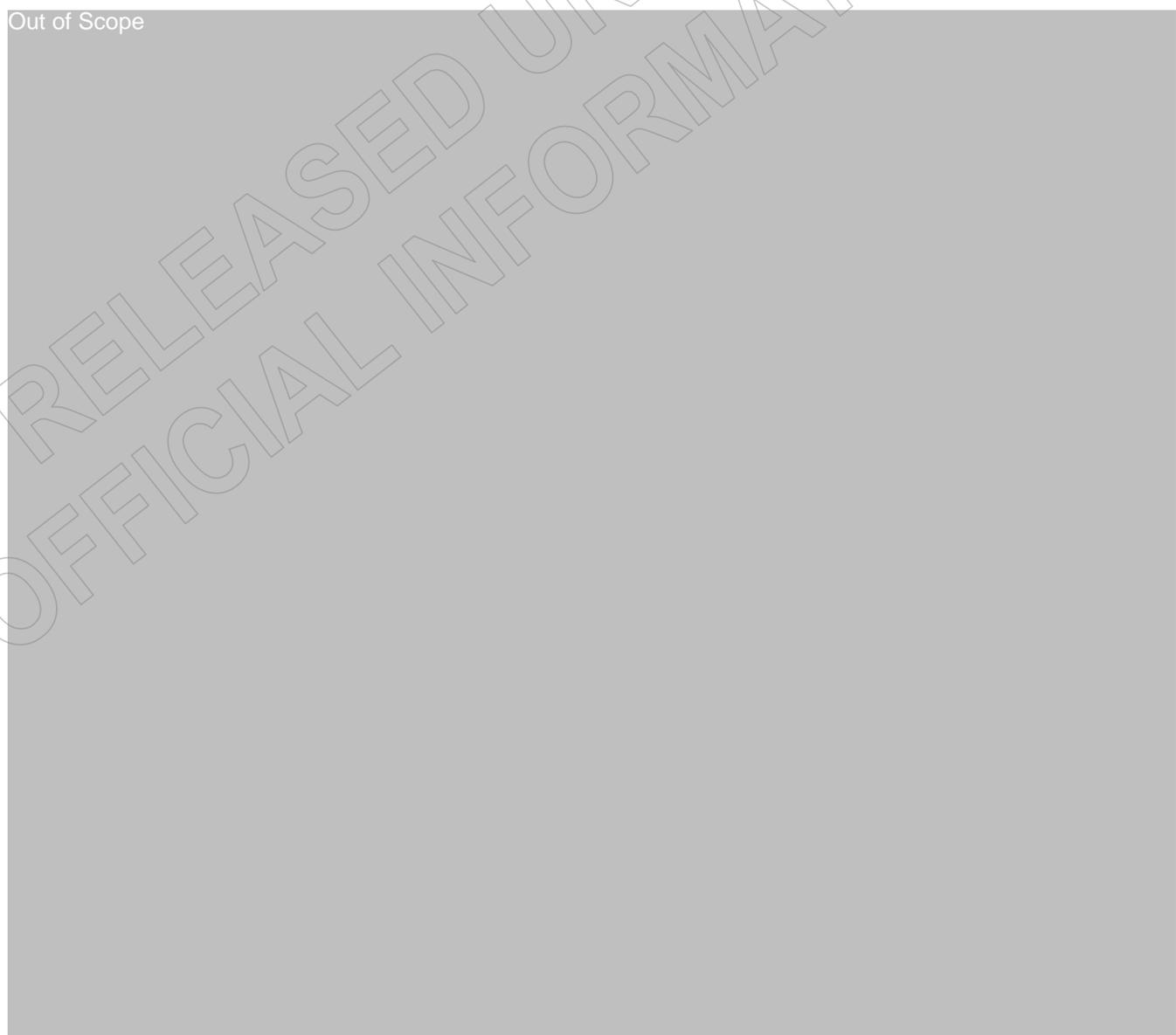
Background

- 1 The Government's Employment Strategy, released in 2019, includes a commitment to develop six population focused action plans aimed at improving outcomes for groups that are disadvantaged in the labour market. Action plans for youth and disabled people have been published. MBIE under the guidance of the Minister for Social Development and Employment is working on a Māori employment action plan. The plan for Pacific people is with the Minister for Pacific Peoples. The plan for Refugees, Recent Migrants and Ethnic Communities is led by the Minister for Diversity, Inclusion and Ethnic Communities.
- 2 A draft Cabinet paper provided to the Employment, Education and Training Ministerial Group meeting of 25 February 2021 (REP/21/2/152 refers), confirms your leadership of development of the OWEAP.

The Older Workers Employment Action Plan and Better Later Life

- 3 The first Action Plan to implement the Better Later Life Strategy will include actions on employment as a priority issue, alongside digital inclusion, and housing. The OWEAP represents a further opportunity to address the employment issues faced by older workers.
- 4 Completion of the OWEAP was included as an initial action within the Better Later Life Strategy and had been intended for development in 2020. Competing priorities within MBIE, including the development of other population employment action plans, and the COVID-19 response, meant this was not achieved.

Out of Scope



Key Issues for the Action Plan

Impacts of Employment Outcomes for Individuals

- 12 Officials have identified key issues in respect of the employment of older workers (50+) for both individuals and society. We have framed these issues as research questions to identify relevant evidence and have found limited New Zealand research to draw on for policy purposes.
- 13 Older individuals face greater difficulty getting back into work if they are displaced, than younger workers. On return to work they are more likely to receive less pay than previously. As a result, these older workers experience significant loss of income during the period where many people save for their retirement
- 14 Older workers are strongly represented among the long-term unemployed. In addition, whilst older workers (50+) are not the largest group of those underutilised¹ in the labour market, the number of individuals is large.
- 15 In the quarter ending December 2020, 59,600 people between 50-64 years of age and 17,700 people 65+ were underutilised. In the same quarter 58,461 people between 50 and 64 were on job-seeker benefits. Appendix Two sets out these figures in greater detail.
- 16 Some research suggests employment, either voluntary or paid, is important for health and wellbeing including mental acuity. People who are long-term unemployed run the risk of becoming discouraged, less well socially connected and more prone to anxiety and depression.
- 17 Recent analysis of a longitudinal study of older adults aged 55-76, commissioned by the Commission for Financial Capability (CFFC), found that the odds of material hardship in later life increased with: not owning a home, not being in the paid workforce long-term, being single, having held a non-professional occupation and having no tertiary education. It found on average those experiencing material hardship in later life experience lower levels of physical, mental, and social wellbeing.²
- 18 Hardship in later life is likely to reflect accumulation of advantage and disadvantage across the life course. The association of paid employment in later life with material wellbeing suggests that reduction of barriers to continued workforce participation in mid- and later-life presents a useful point of intervention. Policies influencing the "fit" of personal (e.g. health and skills) and environment (e.g. availability of suitable jobs), along with support for mid-life retraining, are relevant.
- 19 Employment services for older people are underdeveloped in New Zealand. Many MSD and MBIE services target young people. Services not directly targeted to young people, are used less by older workers other age groups.
- 20 Further work is needed to ensure that government funded services do not create barriers for older people and that services make positive efforts to engage with older workers and that results of these efforts are monitored. Intersections between population groups, for example, Māori and Pacific Peoples, who are also older workers and/or workers with disabilities need to be well understood and reflected in service delivery design.

¹ Underutilisation describes three categories of workers: the potential labour force that is made up of people who want work but are not currently looking, the underemployed who are working part-time and want more hours, and the unemployed who are not working for pay.

² The wellbeing and vulnerability of older New Zealand adults in retirement: a background paper prepared for the CFFC 2019 Review of Retirement Income Policy, Health and Ageing Research Team, Massey University, August 2019

- 21 Restricted training and development opportunities and the gender pay gap impact on women's financial prospects. Constrained ability to provide for their future affects women's choices about stopping work.
- 22 Māori men and women under 65 have lower employment rates than average, but Māori aged 65 and over are more likely to be employed than other older people. On Census day 2018 32% of Māori men aged 65+ were employed (compared to 29% of all men aged 65+) and 24% of Māori women were (compared to 18% of all women aged 65+). This may reflect a greater need to work to make ends meet, but further work is required to confirm this.
- 23 Several New Zealand surveys of workers and employers confirm that some people believe they have been discriminated against in employment due to their older age either on the job or when seeking work. To date we have not found New Zealand research that solidly describes the nature and extent of this discrimination.
- 24 Workers 65+ are not eligible for most employment services of MSD. The Social Security Act under which many MSD programmes are established defines people 65 and over as not of "working age". The Human Rights Act 1993 makes age discrimination illegal except in the case of services for people receiving NZ Super.

Out of Scope

Responding to information gaps

- 29 We are gathering information and analysis from a wide range of sources. MSD is reviewing its administrative data and programme evaluation work to draw conclusions regarding the effectiveness of current services for older people. We are considering an information request to Stats NZ which will provide detailed information about older people underutilized in the labour market including the reasons they give for their employment status. We are investigating what works in employment policy and services for older workers in other countries with ageing populations.

³ The New New Zealand: Facing demographic disruption, Paul Spoonley 2020, Massey University Press

Out of Scope

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