

## **OLDER WORKERS EMPLOYMENT ACTION PLAN**

### **Context and Problem Definition**

The 2019 Employment Strategy aims to improve employment outcomes through action aimed at:

- building a skilled workforce
- supporting thriving industries and sustainable provinces
- modernising workplaces for a modern workforce
- preparing for the changing nature of work, and
- supporting an inclusive labour market.

Older workers<sup>1</sup> employment issues are relevant for each of these strategic goals. Thematic linkages are highlighted with coloured boxes throughout this document.

Coherent action that supports greater employment participation by older workers offers an opportunity to yield numerous benefits:

- fiscal benefits from reducing public expenditure resulting from employment disruption and early workforce exit
- economy-wide benefits from moderating the impact of workforce ageing and meeting skills needs
- firm-level benefits from retaining the experience, knowledge and networks of older workers, and their capacity for mentoring and risk management, and
- wellbeing benefits for older people, both during and after their working life, through improved financial security, health, and social participation.

#### **CONTEXT: NEW ZEALAND'S LABOUR FORCE IS AGEING**

Population ageing will produce fundamental changes in our society. In December 2020, Stats NZ estimated the total population aged 50+ at approximately 1.7 million, or 33.7% of the total. By 2033, this is set to grow to around 2.1 million, or 37.5% of New Zealand's total population. By 2051, 1 in 4 New Zealanders (1.33 million, of a total projected population of 5.05 million) will be 65 years or older.<sup>2</sup>

#### **PROBLEM DEFINITION**

These demographic changes mean that poor labour market outcomes for older workers present two categories of problem:

- Wellbeing impacts for affected individuals during and after their working lives
- Failure to realise the economic opportunity of retaining older workers in paid employment.

#### **Underutilisation<sup>3</sup> of older workers has presented an ongoing issue...**

**EMPLOYMENT STRATEGY  
THEME: SUPPORTING AN  
INCLUSIVE LABOUR MARKET**

In the December 2019 quarter, based on Household Labour Force Survey estimates, 50,400 people aged between 50-64 and 12,900 people 65+ were underutilised. In addition, a total of 18,177

<sup>1</sup> Older workers are defined as workers 50+, often discussed in two groups: 50-64 and 65+.

<sup>2</sup> These figures are based on mid-range series 5, one of nine different projection series used by Statistics New Zealand to estimate the future size and structure of New Zealand's population. Series 5 assumes medium fertility, medium mortality and a long-term annual net migration of 10,000.

<sup>3</sup> Underutilisation includes the following categories: unemployment, underemployment and in the potential labour force. Underemployed people are those who are employed part-time (working less than 30 hours a week) and have both the desire and availability to increase the number of hours they work.

people aged 50+ were in receipt of JS Work Ready in February 2020 (immediately before lockdown).

**...and COVID-19 has increased this.**

In the quarter ending December 2020, 59,600 people between 50-64 years of age and 17,700 people 65+ were underutilised.<sup>4</sup> More people with and without disabilities received Job Seeker benefits. The number of people aged 50+ receiving JS Work Ready increased from 18,170 in February 2020 to 26,415 in March 2021. The number of people aged 50+ receiving JS-Health Condition and Disability increased from 26,442 in February 2020 to 32,114 in March 2021.<sup>5</sup>

**Underutilisation of older workers is concentrated among those with overlapping labour market disadvantage.**

Rates of underutilisation, benefit receipt and underemployment are lower for people over 50 than for people under 50. Nonetheless, the absolute numbers are significant, and the impacts of underutilisation on some older people can be greater than for other age groups.

Underutilisation among older people is also concentrated among those facing overlapping labour market disadvantage.

Older female workers (50+) are more underutilised than their male counterparts (the rates for the December 2020 quarter were 9.5% and 6.3% respectively, although these rates are lower than for both male and female workers of other age groups).

Older women are over-represented in low paid part-time work including in the health care and community services sector. This may be, at least in part, because these jobs enable women to work part-time and this is compatible with their family caring responsibilities. It could also reflect low aspirations for female employment or systemic labour market disadvantage.

In line with trends for other age groups, unemployment and underutilisation rates for older Māori are consistently higher than for those of European ethnicity. The picture of disadvantage for older Pacific workers is less clear when drawing on survey data. This reflects their relatively smaller numbers within the wider demographic. Underutilisation of 50+ Pacific Peoples was higher than for Māori, European and Other ethnicities in December 2020 at 13.3%.<sup>6</sup>

People have higher rates of disability as they age. This is partly reflected in the prevalence of older people as recipients of the MSD's Jobseeker Health and Disability Condition benefit. In March 2021, 31,671 people aged 50 to 64 received this benefit.<sup>7</sup> Of all people this age on Job Seeker benefits, 55% of them received Jobseeker Health and Disability Condition benefit. For people between 18 and 49, 33% of all those on Jobseeker benefits were on Jobseeker Health and Disability.

In the December quarter 2020 the underutilisation rate for disabled workers aged 50-64 was 13.8% compared to 7.4% for their non-disabled counterparts. It is likely that, like disabled people of other age groups, many older disabled people require "timely, personalised and flexible"<sup>8</sup> work opportunities.

<sup>4</sup> Household Labour Force Survey, Stats NZ.

<sup>5</sup> MSD administrative data.

<sup>6</sup> Sample sizes for the survey this data is drawn from means caution is needed for comparison in any quarter. Over the past five years, Māori and Pacific Peoples oscillate in having the highest rate of underutilisation.

<sup>7</sup> Ineligibility for NZS recipients mean that the numbers aged 65+ in receipt of the Jobseeker Health Condition and Disability benefit are negligible.

<sup>8</sup> Working Matters: An Action Plan to ensure disabled people and people with health conditions have an equal opportunity to access employment.

In the year ended December 2020, disabled older workers (50-64) were half as likely to be employed as people of the same age who were not disabled.

**Older workers displaced from the labour market take longer than other groups to recover...**

The impacts of unemployment on some older workers will be more enduring than for workers of other ages. Among the long-term unemployed workers aged 50+ are over-represented relative to their rates of unemployment. In the year to June 2020, people aged 50+ made up 19.7% of the official unemployed but 41.5% of those who had been unemployed for more than a year.

A study of New Zealand workers displaced following the 2009 financial crisis found that workers aged 50+ reported 11-12% lower employment five years after displacement – an impact that had disappeared for displaced workers of other ages.<sup>9</sup>

**...and suffer greater “wage scarring” as a result of displacement.**

The impact of periods of displacement on older workers on their subsequent earnings is greater than for other age groups. This likely reflects the more advanced career-stage of many older workers, with “more to lose” in the form of higher pay rates, reflecting more accrued general or job-specific experience. In addition to slower return to employment described above, those older workers that had returned to work faced 25% lower earnings than they earned prior to their displacement, five years after displacement. In contrast younger displaced workers earnings had recovered over a five-year period.<sup>10</sup>

An October 2020 survey of the impacts of COVID-19 on household incomes by the Commission for Financial Capability’s (CFFC) found that the percentage of those still on reduced incomes compared to February 2020 was highest (at 37%) among households where the main respondent was aged 55 to 64, indicating this age group was having more trouble finding new jobs or extra work as compared to younger displaced workers over this time period.

**The wellbeing impacts of poor labour market outcomes are serious for some older workers**

Poor labour market outcomes can jeopardise retirement saving and income adequacy in later life...

Employment income forms the main source of lifetime wealth accrual for many people. Sub-optimal labour market outcomes reduce individuals’ capacity to save and provide for themselves following a transition away from paid work in later life. This is of particular importance during the critical 50 to 64 age bracket, when many workers are undertaking significant retirement saving.<sup>11</sup>

Some current evidence gives rise to concern. An increasing proportion of 45-64-year-old households report that their real after-housing-income has declined. Home ownership has declined. Renting for people 45-64 doubled from around 10% in the 1990s to just over

---

<sup>9</sup> The longer-term impacts of job displacement on labour market outcomes, D Hyslop and W Townsend, Motu Working Paper 117-12 May 2017.

<sup>10</sup> As above.

<sup>11</sup> This conclusion is inferred from the growth rates of median household net worth levels in 2018 as reported by Stats NZ: <https://www.stats.govt.nz/information-releases/household-net-worth-statistics-year-ended-june-2018>.

20% in 2017 and 2018.<sup>12</sup> Historically underrepresented, the 65+ age group has increasingly received MSD supplementary benefits, in absolute numbers and as a percentage of recipients of these benefits. For example, between March 2013 and March 2021, the number of people aged 65+ in receipt of the Accommodation Supplement<sup>13</sup> increased from 35,043 (5.8% of total recipients) to 50,361 (6.4% of total recipients).

The 2018 Household Economic Survey also found that NZ Superannuation (NZS) provided nearly all the income (98%) for NZS recipients aged 66+ within the lower 40% of incomes. Forty percent of people over 66 had less than \$100 per week from other sources and 40% of singles had no other income.

...and can directly impact individual wellbeing

Hardship in later life reflects accumulation of advantage and disadvantage across the life course. Labour market disadvantage experienced by some population groups can compound with age-related disadvantage, or the results of this disadvantage can build over the course of a working life.

Ageing does not necessarily lead to a drop-off in skills. The adage “use it or lose it” appears to apply to both cognitive and physical capabilities. People who have kept working longer, stayed physically and mentally fit and socially active and who continuously task themselves with new challenges, show better cognitive performance at older age. Similarly, the maintenance of social connections is well documented as having a beneficial impact on physical and mental wellbeing for older people.

Continuing paid workforce participation presents a natural opportunity for older people to maintain social connectedness and physical and mental activity. These effects can extend beyond the end of individuals’ working lives. Overseas research finds that older workers with limited wealth who experience involuntary job separation in the years preceding retirement are more likely to experience enduring adverse mental health as a result, compared to wealthy individuals who lose their job.<sup>14</sup>

### **For some people working past 65 is not a choice**

Labour market outcomes for older workers naturally implicate their eventual transition away from paid employment. Aspects of society, and some government policy, implicitly assumes that a person’s working life ends at the age of 65. For example:

- The New Zealand Superannuation and Retirement Income Act 2001 makes the age of entitlement to superannuation 65.
- MSD’s Employment and Work Readiness Assistance Programme defines “working age” as 18 to 64. People who are eligible for NZ Super (ie are over 65, and meet other eligibility requirements) are excluded from participation in many employment services available to younger workers as a result of this.
- The Kiwisaver Act 2006, intended in part to enable “standards of living in retirement similar to those in pre-retirement”, enables withdrawal of Kiwisaver funds only at the age of 65, except in a defined set of circumstances.

This assumption increasingly does not reflect the reality of New Zealanders’ working lives. Almost half of those aged 65 to 69 work; a rate higher than most other countries. For

---

<sup>12</sup> Household Incomes in New Zealand; trends in indicators of inequality and hardship 1982 to 2018 in Income trends for older New Zealanders, Bryan Perry, MSD, 2019.

<sup>13</sup> Accommodation Supplement is a weekly payment to help payment of rent, board or the cost of owning a home. Low income and for a single person less than \$8,100 realisable cash is required for receipt.

<sup>14</sup> The Persistence of Depressive Symptoms in Older Workers Who Experience Involuntary Job Loss: Results from the Health and Retirement Survey, Department of Epidemiology and Public Health, Yale University School of Medicine, Journal of Gerontology and Behavioural Society, 2006.

many, working past the age of 65 is reflective of a longer period of good health, and the meaning, socialisation and interest derived from paid work. This is a broadly positive trend, and the economic contribution of workers aged 65+ is substantial.<sup>15</sup>

Nonetheless, most New Zealanders expect to transition away from the paid workforce in their later life, with rates of employment dropping off substantially from around age 70. The roles that people take on in their later life are varied: they may volunteer, assist with childcare, provide community leadership, take up hobbies or travel. These varied role expectations share a common factor: paid employment is no longer the dominant component.

However, for some a period of true “retirement” from paid work is difficult to attain or truncated due to income inadequacy. The Commission for Financial Capability has found that about one third of people aged 65+ in paid employment say they work because they must.<sup>16</sup>

### Some groups are less likely to have choices around working post-65

This lack of choice around exiting paid employment in later life is observable in some groups that face labour market disadvantage, although the relationship between disadvantage and continuing work past 65 is not straightforward.

It is notable that lower rates of employment for Māori men and women under 65 reverse after age 65. 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 (compared to 18% of all women aged 65+).

Retirement saving outcomes for Māori are poorer than for other ethnicities. Māori aged over 65 were less likely to report receiving income from interest, dividends, rent or other investments (12.7%) than the general 65+ population (34%) (2018 Census) and report a greater likelihood that they “struggle to make ends meet”.<sup>17</sup> The net worth of individual Māori aged 50 to 64 is lower than that of all other ethnic groups bar Pacific Peoples.<sup>18</sup>

Taken together, these outcomes suggest that the lifetime impact of poor labour market outcomes for some Māori, leading to income inadequacy after the age of 65, may result in a need to continue work beyond age 65 due to financial need, rather than preference. Shorter life and health expectancy as compared to other ethnicities means that some Māori are deprived of the period of “retirement” that many New Zealanders expect.<sup>19</sup> This could have Te Tiriti implications, particularly to the extent it intersects with government policy, which should be explored further.

As with Māori, cumulative lifetime labour market disadvantage appears to contribute to poorer retirement savings outcomes for older Pacific people,<sup>20</sup> and a risk of income inadequacy after the age of 65.<sup>21</sup> However, this does not appear to result in higher rates

<sup>15</sup> A 2017 report for the Office for Seniors estimated the total earnings of employees aged 65+ in 2016 as having been \$4.8 billion.

<sup>16</sup> Not for quotation – publication forthcoming late July 2021.

<sup>17</sup> <https://cffc-assets-prod.s3.ap-southeast-2.amazonaws.com/public/Uploads/Retirement-Income-Policy-Review/2019-RRIP/Research-docs/The-big-picture/CFFC-Research-Income-Sources-and-Hardship-in-Retirement.pdf>

<sup>18</sup> Stats NZ Customised Net Worth Statistics, 2018. Collective assets such as Māori land and trusts, which can be a substantial part of Māori wealth, are not well captured in these statistics.

<sup>19</sup> Stats NZ life expectancy data (2017-2018) shows expectancy of 73.4 years for Māori men and 77.1 for females, 75.4 for Pacific men and 79 for females and 81 for European men and 84.5 for females.

<sup>20</sup> Pacific people aged 50 to 64 report the lowest median net financial worth of all ethnic groups (StatsNZ customised net worth data, 2018).

<sup>21</sup> <https://cffc-assets-prod.s3.ap-southeast-2.amazonaws.com/public/Uploads/Retirement-Income-Policy-Review/2019-RRIP/Research-docs/The-big-picture/CFFC-Research-Income-Sources-and-Hardship-in-Retirement.pdf>

of work after the age of 65, with the employment rate for Pacific Peoples 65+ from census 2018 at 23% for men and 17% for women – somewhat lower than equivalent figures for all ethnicities. Further analysis will be required to understand labour force dynamics in relation to older Pacific people.

The Ministry for Women estimates the lifetime gender earnings difference at \$888,108.<sup>22</sup> The compounding impact on women of this labour market disadvantage can be seen most clearly in consistently lower levels of accrued savings at age 65.<sup>23</sup> This is likely to impact on the income adequacy of some older women, and may constrain their choices around transitioning away from work after 65. These impacts are likely to be most keenly felt by single women.

It is not clear that this cumulative financial disadvantage results in disproportionate pressure to work past the age of 65. Only 18% of women aged 65+ were working on Census day 2018, compared to 29% of men, and the median imputed weekly hours worked for those who were working were lower than for men (26.3 compared to 35 for men in 2020)<sup>24</sup>. This could reflect the impact of historic low female labour force participation among this age group. Higher underutilisation rates for women in this age bracket (10% compared to 7.8% for men at December 2020) could point to a degree of unmet demand for work.

**Enabling better workforce participation for a growing population of older workers will improve economic performance.**

**EMPLOYMENT STRATEGY  
THEME: SUPPORTING  
THRIVING INDUSTRIES AND  
SUSTAINABLE PROVINCES**

In addition to the individual welfare impacts discussed above, poor labour market outcomes for older people carry implications for the wider New Zealand economy. Population ageing means relatively fewer younger people (who currently make up the majority of the workforce) available to support the needs of society. In turn an older population points to increasing social needs such as aged care, income support and healthcare. To date, a net in-flow of skilled migrants has helped to bridge this gap, and is likely to continue to do so.

However, the place of older workers in the labour force offers an opportunity to partially meet the challenges of demographic change. Improved employment outcomes for older workers can contribute to individual financial security and reduced dependence on government support, and potentially greater health in later life. Making more effective use of the older workforce also offers economic opportunity, including to address existing or emerging skills shortages.

Hiring, developing and retaining older workers also offers firm-level benefits. Older workers tend to have longer job tenure and can provide continuity. They can also provide a diverse set of skills to a business, and mentor other workers. Many of the employment changes needed to accommodate older workers, such as greater job flexibility or changes to physical environments, can make workplaces more desirable for employees of all ages.

Older people are highly represented among the self-employed,<sup>25</sup> and offer an opportunity to grow employment opportunities. Growth in the older population means that the size of this potential benefit will only increase over time.

<sup>22</sup> This is based on 2020 median weekly wage figures.

<sup>23</sup> <https://www.stats.govt.nz/news/kiwisaver-nest-eggs-grow-5000-in-three-years>

<sup>24</sup> These figures are calculated from reported median weekly and hourly earnings figures reported as part of the June supplement to the Household Labour Force survey.

<sup>25</sup> It is not clear to what extent this represents existing business-owners "ageing in" to the 50+ bracket, or formation of businesses later in life. This area warrants further exploration.

### **Some industry workforces are ageing faster than others**

The impacts of an ageing workforce, both good and bad, will affect industries unevenly. The proportion of workers aged 50+ is highest in the education and training sector, health care and social assistance, and transport, postal and warehousing. For each of these three sectors 33% of workers are aged 50 to 64 and 8% are 65+. Other sectors with over 30% of their workforce aged 50 to 64 are manufacturing, rental, hiring and real estate, and wholesale trade.<sup>26</sup>

Transport, postal and warehousing and manufacturing sectors are projected to see strong employment demand growth in the period to 2028,<sup>27</sup> and a variety of health sector occupations are listed in Immigration NZ’s skills shortages list.<sup>28</sup> Enabling longer working lives for current workers, could help to partially address these shortages.

### **Some regions are ageing faster than others**

In a similar vein to its uneven impact on industries, the ageing population will have differing impacts on rural, provincial, and urban centres. Younger people will be more likely to congregate in our largest cities, and older people in smaller cities and towns. Auckland, Hamilton, Tauranga, Wellington, Christchurch, and Central Otago are expected to continue to experience population growth.<sup>29</sup>

In the year to December 2018, the region with the oldest workforce was Marlborough with 46% of workers over 50. Northland, Tasman, and Nelson followed, with 43%, 42% and 41% of all workers over 50 respectively.

### **CAUSES OF POOR LABOUR MARKET OUTCOMES FOR OLDER WORKERS**

There is no single predominant cause of poor labour market outcomes for some older workers. As with other similarly affected groups in the labour market, the causes of disadvantage for older workers are likely to be complex and overlapping. In addition, as discussed above, other sources of disadvantage can both intersect with age-related affects, and compound over the course of a person’s working life.

#### **Discrimination against older people is present**

Several relatively recent New Zealand surveys of workers and employers found that a substantial minority of respondents surveyed believe they have been discriminated against in employment due to their older age either on the job or when seeking work.

**EMPLOYMENT STRATEGY  
THEME: SUPPORTING AN  
INCLUSIVE LABOUR MARKET**

One survey found 17% of the sample of employed workers over 55 said that they experienced age discrimination on occasions.<sup>30</sup> A survey of 56 senior business people and 864 employees in 2013 found that three in five older workers reported experiencing age related discrimination in the past five years. This was most often demonstrated by withholding of interesting tasks, promotions, or training from older workers.<sup>31</sup>

<sup>26</sup> Household Labour Force Survey December 2020 quarter.

<sup>27</sup> <https://www.mbie.govt.nz/business-and-employment/employment-and-skills/labour-market-reports-data-and-analysis/labour-market-forecasting/medium-to-long-term-employment-outlook-looking-ahead-to-2028/>

<sup>28</sup> <https://skillshortages.immigration.govt.nz/assets/uploads/long-term-skill-shortage-list.pdf>

<sup>29</sup> The New New Zealand: facing demographic disruption, P Spoonley, Massey University Press, 2020.

<sup>30</sup> Understanding the needs of New Zealand’s ageing workforce, Equal Employment Opportunities Trust and the New Zealand Work Research Institute, AUT 2015.

<sup>31</sup> Coming of Age: The impact of an ageing workforce on New Zealand businesses, Luminary Search, Nov 2016.

Experimental research which does not rely on individuals self-reporting their experience is less common in New Zealand. In a 2006 experiment<sup>32</sup> applications were made to employers and HR professionals that ensured applicants were equal in terms of skills and experience but differed in age. Clear evidence was found that increasing age has a cumulative and negative effect on selection for interview.

The authors of this study noted that while recruiters and employers are increasingly sensitive to possibly discriminatory “readings” of attributions regarding ethnicity and gender, few had any insight into ageist statements. Respondents were comfortable stating “facts” that included common incorrect characterisations of older workers as resistant to change and unable to adapt to new technology. Recruiters amplified these effects, wanting to send on to employers those they knew would “fit in” to the employment ideal contracted for, and exclude older, qualified applicants. Interestingly, the more serious the labour shortage in a particular industry, the more likely all candidates who met skill thresholds were to be short-listed, even though employers still harboured preferences for younger workers.

### **Many jobs are not well designed for older workers**

Retention of older workers could rise with increased focus on redesigning roles to be more appealing and less strenuous, for example by avoiding long shifts. A 2015 survey of workers aged 55 years and over employed in businesses throughout New Zealand concluded that “job design was the most reported job-level factor that enables or would enable going forward, mature workers to continue employment”, with 52.6% of staff responding that flexible work, reduced hours, and extended flexible leave would enable them to remain in their jobs as they aged.<sup>33</sup>

Availability of flexible work appears to be an issue. In the Health, Work and Retirement Study, more than a quarter of those aged 55-75 who wished to work part-time were not working and a similar proportion were working full-time.<sup>34</sup> The study also found that less than a third of working participants who were caregivers were aware of their legal right to request flexible working arrangements.<sup>35</sup>

Overseas research has found that the most effective means of increasing the employment of older workers is to encourage employers to adjust to an ageing workforce by investing in their current employees, modifying workplaces, and creating mixed age working teams.<sup>36</sup>

It is not clear to what extent New Zealand businesses are responding to these needs, although general responses suggest rates of active consideration are low.<sup>37</sup> Further analysis of this response would be useful, particularly with reference to industries with greater concentrations of older workers.

---

<sup>32</sup> Age biases in employment: Impact of talents shortages and age on hiring, M Wilson, P Parker and J Kan, The University of Auckland Business School, Business Review 2007.

<sup>33</sup> Understanding the needs of New Zealand’s ageing workforce, Equal Employment Opportunities Trust and the New Zealand Work Research Institute, AUT 2015.

<sup>34</sup> Alpass, Spicer, Stevenson & Stephens, 2015. Experiences of older workers: Preferences, plans, and attitudes.

<sup>35</sup> This is provided for under Part 6AA of the Employment Relations Act 2000.

<sup>36</sup> Golden Aging, M Bussuolo, J Koettl, and E Sinnot, World Bank Group, 2015.

<sup>37</sup> Ageing Workforce Survey, Commission for Financial Capability, conducted May 2018 based on responses from 500 companies representing a broad cross section of New Zealand’s predominantly SME business sector.



## **Knowledge barriers and stigma may inhibit older people from realising employment opportunities**

Some older people have limited confidence to “sell” themselves in a range of settings. Out of work people can lose connections to networks where vacancies are filled by word of mouth. Some lack knowledge of:

- current recruitment methods (where jobs are advertised; types of interview and selection techniques etc)
- technology involved in recruitment (for example, uploading applications; video interviews)
- what jobs exist now as these change over time, and how their skills may be transferrable.

Job search intensity has been found to decline due to worker discouragement resulting from continued failure to find suitable work.<sup>38</sup> This results in the productivity of capable people being lost to the economy.

### **Private and public investment in education, training and employment support is lower for older people than for younger people**

**EMPLOYMENT STRATEGY  
THEME: BUILD A SKILLED  
WORKFORCE**

Lifelong learning enables New Zealanders to maintain, upgrade and adjust their skills over their working lifetime. Education and training opportunities help older workers to remain productive and adaptable in the face of change, but older workers receive fewer services in this area.

In New Zealand there is a large drop-off in job-related training with increasing age: 54% of 15-48-year olds report receiving job-related training in the last 12 months, 46% of 50-64 years old people and 24% of those 65 and over. Of those that went on a course or study in the last 12 months, age affects the duration of the training with 34% of 15-49 year older receiving more than five days compared with 21% of 50-64 year olds and 18% of 65+ people.<sup>39</sup>

Far fewer older people than young people participate in tertiary education, although rates of participation for older people in New Zealand compare favourably internationally. At this stage we do not fully understand barriers to participation, although cost is likely to be relevant as student loans are restricted from age 55 and unavailable to those over 65.

Older people who are already in the workforce, and who may be facing a period of unemployment or uncertain future work prospects, face financial costs in deciding to undertake tertiary study. The opportunity costs for older working-age students are likely to be high as a decision to study means either taking time out of the workforce or combining study with existing work and family commitments. In addition, for “second-chance” students (for some of whom, it is really a first chance), discomfort in a tertiary environment may be heightened by previous poor experiences of the education system.

### **Employment services do not sufficiently serve older people**

#### Private sector

Private sector employment services offerings specifically catering to older workers and the older workforce are limited in the New Zealand market. There are very few employment brokerages in the private sector that specifically focus on placing older people. Those that

<sup>38</sup> Kreuger, Mueller, Davis and Sahin, Job search, emotional well-being, and job finding in a period of mass unemployment, Brookings Papers on Economic Activity 1-81, 2011.

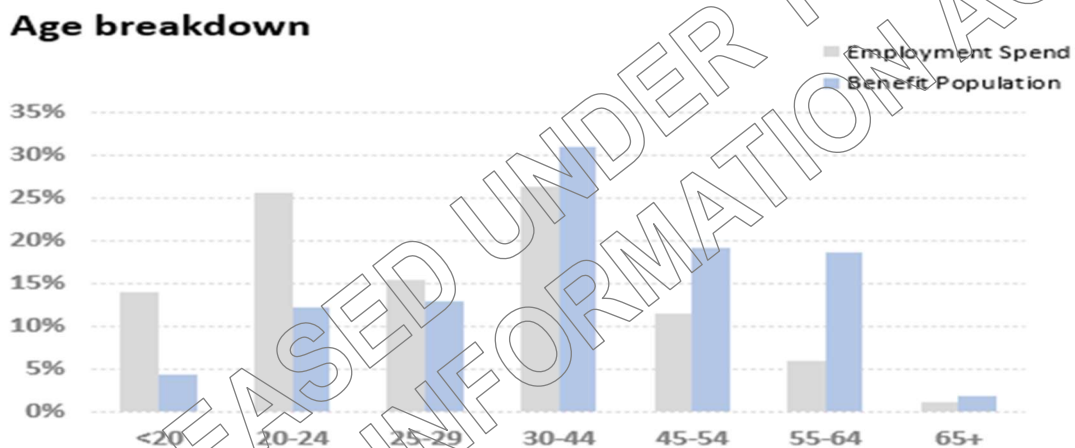
<sup>39</sup> Stats NZ Survey of Working Life so refers to the 12 months leading up to December 2018.

exist are limited in reach. A small number of private consultancies have offered workshops to businesses wanting to create an age-inclusive workplace.

### Public sector

MSD provides employment services aimed for the most part at benefit recipients, although this is shifting towards those at risk of poor employment outcomes. These services focus on barriers such as work confidence and motivation, job search assistance, or participation in training. Some programmes are designed for specific groups of people (for example at-risk young people, sole parents on benefit, people with health conditions or disabilities). No central government employment service is specifically targeted to older workers. The Ministry of Business, Innovation and Employment has developed the Mature Workers Toolkit, aimed at equipping employers with tools necessary to effectively employ older workers.

MSD's spend on employment services for older people receiving a benefit is significantly lower than it is for younger age groups in receipt of a benefit.<sup>40</sup>



Source: iCAM – March 2021

This is an area that needs further analysis. This lower spend could be as a result of explicit prioritisation of younger people in more intensive (and therefore expensive) programmes on the basis of their greater risk of "long term benefit receipt"<sup>41</sup>, or aspects of service delivery that *de facto* favour younger clients such as mode of delivery or location.

Relatively low use of MSD employment services by older people may be driven in part by low awareness that the services exist. A 2009 MSD commissioned survey of 1,712 people aged 65+, found that two-thirds of 65-year olds who had been unemployed and looking for employment since age 60 said they had not used MSD's employment services. The most common reasons were that they found work quickly anyway or that they did not realise the services were available.<sup>42</sup>

MSD has been expanding its employment services following recommendations by the Welfare Expert Advisory Group Report Whakamana Tāngata. This has included providing more services online, the Flexi-wage expansion, and introducing products that enable people to better navigate the supports available, as well as proactive intervention through Rapid Response Teams in response to COVID-19 related business closures.

<sup>40</sup> Note that this table excludes the spend on NZ Super/Veterans Pension.

<sup>41</sup> This term naturally excludes outcomes after the age of 65, when receipt of NZ Super means most individuals are ineligible to receive main benefits.

<sup>42</sup> To Work, or Not to Work? Findings from a Survey of 65-year-old New Zealanders, 2009, MSD: New Zealand.

Collaboration between Government funded employment services and employers to facilitate retaining, training, re-training, and recruiting older workers is not as highly developed in New Zealand as in some OECD countries. Programmes across Europe, Central Asia, and Australia target older workers with entrepreneurship training and help with job hunting. Some countries provide direct financial incentives to companies to employ older workers.

Evidence is mixed about the benefits of specialist services for older people versus broader age diversity policies among businesses. The most effective means of addressing older workers' needs within the MSD system is not clear and would benefit from further analysis and piloting of initiatives, for example in regions with greater concentrations of older jobseeker recipients.

### **The changing nature of work presents risk and opportunity**

**EMPLOYMENT STRATEGY  
THEME: PREPARING FOR THE  
CHANGING NATURE OF  
WORK**

The nexus between an ageing workforce and likely oncoming rapid technological change presents an additional longer-term challenge.

Callaghan Innovation<sup>43</sup> and the Productivity Commission<sup>44</sup> see opportunity in new technologies such as bio-tech, health tech, robotics, and clean waste management over the next 10-15 years. They see risk of New Zealand being left behind globally if we do not take advantage of technological innovation. Callaghan Innovation's CEO believes re-training for people in the middle of their working lives is essential to ensure that New Zealand will prosper, in the context of population ageing and potential for new technologies to drive productivity improvements.<sup>45</sup>

Workers in industries that may experience technological change in the immediate future will need re-training opportunities or opportunities to become self-employed using skills they have accumulated over time. The workforces of some at-risk industries are relatively older than the wider labour force.

### **A Government response alone will not be sufficient**

The ageing of the workforce is an issue for New Zealand businesses, and will require a substantial private sector response, supported by government policy. It is not yet clear how and when this change will occur. A 2018 survey of New Zealand businesses found that 33% of respondents agreed or strongly agreed that they are concerned about the impact of an ageing workforce on their business (44% in 2016). In the same survey, over 80% of respondents said they did not have any specific strategies or policies relating to workers aged 50+. Most respondents (76%) do not carry out any active retirement planning activities with employees. This represents no change (less than 1%) compared to the 2016 survey.<sup>46</sup>

<sup>43</sup> Callaghan Innovation 2020 Briefing to Incoming Minister.

<sup>44</sup> Technological change and the future of work, New Zealand Productivity Commission, March 2020

<sup>45</sup> Radio New Zealand interview, 3 April 2021.

<sup>46</sup> Ageing Workforce Survey, Commission for Financial Capability, conducted May 2018 based on responses from 500 companies representing a broad cross section of New Zealand's predominantly SME business sector.