



## Looking Back

### 1969 AAG Conference – Extract from Symposium

#### SYMPOSIUM – COMPULSORY RETIREMENT

##### Introduction: Ruth J. Inall

Today's symposium proposes to examine the subject of Compulsory Retirement. This is a man-made phenomenon, we can assume, originally designed by man for the protection of man and as a reward for an active and productive life. But it was designed as a result of the early industrial conditions which took their toll of men, women and children. If you were lucky to survive to the ripe old age of 60 or 65, then you deserved to have a small measure of time left in which you did not have to toil.

Despite the changes that have occurred in the last decades in living standards, and I do not mean to infer that we have reached Utopia — advances in medicine and technological changes have far outstripped our social mores in many areas, and one of these is undoubtedly, our, that is society's, attitude to retirement.

We, the professionals as a group, have long been aware that some changes are necessary, but what have we done to make the issues clear to those who are the decision-makers in this area? Some of you may argue that this is not pur function, that these are political issues. But how life is organised in any group and the quality of that life, is what politics is all about, no more and no less. Since we are the ones with specialised knowledge in this field, it behoves us to enter into a dialogue with those who have need of our knowledge, whether they realise it or not; often they do not, I agree, but frequently we are to blame for not initiating the dialogue in the first place or for using language not familiar to the other groups.

My suggestion to you therefore is that as an Association we have a very real responsibility towards the community for providing opportunities for public discussion on topics as the one chosen today. Employers and Unions are the two groups — and most of us fall into one or the other category ourselves — which not only must debate this issue but must debate after possessing the special knowledge which researchers in medicine, sociology and psychology have discovered in the last couple of decades.

This may mean an abandonment of cherished philosophies, not that the pros and cons of compulsory retirement can be weighed simply. Some may feel that without such a barrier at 65 there would be no mechanism for removing those incapable of remaining in their position — on the other hand, one could raise the question, should they ever have been there in the first place? How good therefore are our management techniques regarding personnel selection and promotion procedures? Perhaps all senior personnel should be moved "sideways" into advisory roles at 55?

Clearly there are many answers. But it must be remembered that we are talking about a man-made rule not an immutable law in physics. Presumably what Man has made, he can un-make. And if we can go to the moon, it doesn't seem to me that by examining existing social frameworks and making changes regarding some of them we are aiming for the stars — and a little attention to terra firma's problems will not go amiss.

#### SYMPOSIUM – COMPULSORY RETIREMENT

##### Speaker: P. W. Reilly

The organisation to which I belong, the Australian Council of Salaried and Professional Associations (A.C.S.P.A.) may not have conducted specific studies on the subject of Gerontology in all its aspects, but



it has for many years been vitally interested in the matter of working time and leisure time, the latter in all its variations — daily, yearly, long service and retirement.

We particularly have addressed our enquiries to the relationship of working and living conditions to a society undergoing radical change as a result of growing automation and rapid technological change, and have done much pioneering work in this field in Australia.

A.C.S.P.A. (The Australian Council of Salaried and Professional Associations) is a co-ordinating council drawing together affiliates in the Banking, Clerical, Insurance, Municipal, Teaching, Engineering and Drafting and like occupations, such affiliates representing between them some 300,000 members.

There are other major trade union councils, notably the leading body in Australia, the A.C.T.U., the Council of Commonwealth Public Service Organisations, and others, all of which may well have views of a like or different nature to those advanced today and we do not presume to speak for them.

However, before preparing a submission for this Conference, we conducted some investigations among a number of employee organisations of diverse character, ranging from the "physical" unions to the "white collar" and while we so far have had neither the time nor resources to conduct a study in the depth we should have liked, we have been able to establish a pattern of approaches to some of the aspects of the subject which are of immediate importance to trade unionists and retired people generally.

## **AN "ECONOMIC" APPROACH**

Perhaps a popular misconception of a trade union is that of a body which:

- (a) is interested solely in the material wealth of its members (or their lack thereof), and
- (b) adopt a "blow you Jack" attitude to the "community" whatever that is.

If there is any truth in this conception, it comes to the question of priorities necessarily adopted by trade unions. By this I only indicate that there are certain tasks which fall naturally to appropriate persons and/or organisations, but this should not be taken to imply that the interests of such persons or organisations exclude a whole range of other vital matters to which they often are unable to devote the time which they would like.

An example is this Conference, and indeed the whole object of your organisation. If our remarks seem to be restricted to a particular aspect, it is because on the one hand our abilities are limited, and on the other hand it would be inappropriate for us to presume to speak on aspects on which we may not be qualified to do so.

But, by the same token, our interest is not a narrow, sectional one. It has been estimated that employees and their families constitute some eighty per cent of the total population, and rather than regard trade unions as narrow, sectional bodies they can claim to represent the majority of the population on certain issues — rather than be isolated from or in conflict with the "community", they very much approximate the "community".

Having established that point, what of the "economic" approach which it is said that we adopt. Man may not live by bread alone; but he dies without it. The Trade Union Movement is most certainly and most vitally interested in a whole range of matters which all go to man's ability to live with dignity in a complex, growing society, and whether these be matters of ideology or material they are of concern to trade unionists.

But we have learnt by experience that economic considerations loom very large. The cry that "money is not everything" usually comes from people who have plenty of it! Our enquiries showed that in any



discussion on retirement, compulsory or otherwise, the financial position of the retired person is the vital question in his mind.

Problems of health, adjustment, and the like are inseparable from the financial ability to act as would be considered desirable.

In the survey which we conducted we asked the question of union officers:

*"What do you find are the greatest problems brought to your attention by retired members?"*

We received one standard type of answer:

*"Difficulty in existing on retirement benefits whether private superannuation or Government pension".*

For those without "Superannuation", the Government Age Pension was universally condemned as inadequate. For those on "Superannuation", the complaint was that its value was so eroded as the years passed that if ever it was adequate, it soon ceased to be so.

We seem to be committed to a measure of inflation as part of Government policy, and in purchasing power this means that over a five year term a given benefit declines in value by 14% assuming 3% annual inflation, and by 18% assuming 4% annual inflation, which is nearer the mark.

Over a period of 10 years the decline is 26% at 3% inflation and 32% at 4% inflation.

Small wonder that the question of living on their means is so important to retired persons. The Government pension starts out at a bare subsistence level, if that, and those provident citizens who make, or have made for them, more adequate provision for their retirement, soon find that the penalty for longevity is a drift into economic difficulty.

Problems of housing, health, companionship, activity, etc. obviously are very important to older people, but it may be thought significant that of those asked our question — the greatest problem of retired members — an average of only one in sixteen had anything at all to say about loneliness or boredom. Those who did tended to come from occupations which would have made regular home life more difficult than the average type of factory or office employment, perhaps indicating that work was their only major social activity, and without it they were lost.

We say more later on the question of retirement benefits — it is only introduced now to indicate that in our opinion one cannot separate retirement from the economic ability to live with it.

### **SHOULD RETIREMENT BE COMPULSORY?"**

Others will no doubt be better able than we to establish that man runs down as he grows older. We also accept as a starting point the assumption that after a productive working life men and women are entitled to a period of well earned rest before they are forced to cease working due to ill health or failing capabilities. If there is any dispute we would be prepared to debate it, but at another time.

We come down on the side that:

- (a) there should be retirement;
  - (b) it should be compulsory;
  - (c) the points at issue are:
    - (i) the age
    - (ii) the financial provision for retirement.
- (a) As indicated above we would not imagine that the concept of retirement is in dispute.



(b) Compulsion?

We would all be familiar with the case of men and women who love their own little tread-mill so dearly that they cannot face the thought of getting off it, but for such people we would say that the great majority of employees need a retirement which is orderly and which has the element of compulsion, if only for their own protection.

Employers, and the young hopefuls on their staff, look to aspects of efficiency, promotion of young men at a reasonably early age etc. We do not ignore these matters but fundamentally we are interested in the welfare of the employees themselves, and when legislating for the majority, we accept that there may be individual cases for whom the majority solution is not necessarily the best solution.

We also are well aware of the problems at retirement arising from change of living standards and habits, and do not suggest that these do not need special attention, apart from the economic needs of the retired persons. While repeating our theme that adjustment can be affected by material resources, there are nevertheless very real social and personal problems involved, and there is material available from overseas on preretirement assistance to men and women, approaching the retiring age. "Building up" to retirement rather than suddenly altering a whole way of life without preparation, may assist the transition. Retirement counselling has been advanced as a valuable aid, and it seems to be more widely developed overseas than in Australia. If advanced as an aspect rather than a solution, we would concede its attractions. If it tends to distract attention from the fundamental economic problems, we would suggest that it is a hollow substitute for attention to the real problems of retired persons.

The experience of some of my immediate colleagues is that by the time their retirement came, they were ready, willing and able, and their only deep feeling was one of enormous freedom and relief from tension. Rather than produce problems, retirement freed them from burdens which perhaps were becoming out of proportion to their age.

We would suggest that compulsion in retiring employees would have two important results:

- It would force the provision of retirement benefits and at a determined age.
  - It would remove any element of caprice or discrimination in respect of individual employees.
- However reasonable most people may be, it seems inevitable that in a modern and complex society, the rights of individuals cannot be protected without regulation, and this appears to us an occasion when regulation and compulsion is justified.

(c) (i) Age

The traditional ages in Australia are 65 for men and 60 for women, but it is not to say that these ages are necessarily proper or permanent. Retirement age is inseparably bound up with the age at which retirement benefits (such as the Government age pension) are payable and this varies in overseas countries, with many advanced countries having retiring ages lower than Australia's.

We would think that the trend should be towards earlier rather than later retirement. There is a strong case for providing a rest period of reasonable duration and at an age sufficiently young to permit its enjoyment. Our contention would be that advances in production arising from automation and technological change should be reflected in many terms of employment, not only salaries, annual leave, long service leave, hours, etc. but in retirement age. The anticipated period of retirement is short enough, particularly bearing in mind that as the years pass, health, and therefore ability to participate in any form of activity tends to decline. The following table is illustrative:



AGES ATTAINED BY STATED PROPORTIONS OF SURVIVORS AT AGES SHOWN

Males	Person's Age	20%	40%	50%	60%	80%
	20	82	75	72	60	60
	35	82	75	72	69	61
	50	82	76	73	71	64
	60	83	78	75	73	67
	65	84	79	77	75	70
	70	85	81	79	77	73
	75	87	83	81	80	77
	80	89	85	84	83	81

Females	Person's Age	20%	40%	50%	60%	80%
	20	86	81	78	76	67
	35	87	81	78	76	68
	50	87	82	79	76	69
	60	87	82	80	78	71
	65	88	83	80	79	73
	70	88	84	82	80	75
	75	89	85	83	82	78
	80	90	87	86	84	82

Source: Australian Census Tables, 1961 Census.

Example of the use of this table:

If the mortality rates observed in the years 1960-62 continued to be experienced by the Australian population, 50% of men now aged 65 will live to 77.

It comes to this — man can each year produce his share of socially necessary goods in less and less time with less effort, and this should be reflected in less time spent "on the job", and more time pursuing individually chosen aims, whether they be in the fields of gardening, child minding, music, painting or simply doing nothing, as the fancy takes them.

We might stand for a degree of regulation where necessary, but we are not for regimentation. The desire to tell people what they should do with their time is not restricted to their old age, but acquires greater prominence then. If they want to sit in a rocking chair in the sun while the rat race runs by, that is their business, and good luck to them!

It would appear that we in Australia are not yet approaching a reduction in the compulsory retiring age below sixty-five for men and sixty for women to any significant degree, but there is a trend towards earlier optional retiring ages. Unfortunately this is invariably associated with reduced



retiring benefits, which, except for those well financially endowed, tends to reduce the option to a paper one.

If the trend towards greater efficiency in production is to grow, as it undoubtedly will, the question of an earlier traditional retiring age will arise sharply, and it well may be that 60/65 will have to become the norm rather than the exception.

An interesting aspect, but one seldom considered in Australia is the practice in the Socialist countries, mentioned in the replies to our enquiries of one of our colleague unions. There, apparently, retirement benefits are paid at a specified age, but the worker is free to continue working if he wishes. This approach would overcome the problems of those who equate retirement with inactivity — which may be debatable, but at least removes the economic need to continue working beyond a certain age, which exists where the retirement benefits are inadequate. (It may well be thought that the Government Age Pension qualifies for this category without much debate).

(c) (ii) Financial Provisions for Retirement

This is the aspect of retirement which is not only paramount in the minds of trade unionists but is probably the most widely considered problem of aged persons.

## RESPONSIBILITIES

It does not need us to point out that the problems of aged people receive much sympathy but less action. Because they generally lack the energy or the economic importance to press their demands, they tend to be relegated to an “expendable” level in the community.

We pose their problems as one not of charity but of moral and economic right.

If we are to accept that there should be orderly and generally compulsory retirement at a selected age, the responsibility of care for retired persons rests squarely with the organisers of our economic life — Government, employers and the trade unions. The two first-named hold the reins of economic power, and we would hold that they must be forced to accept and fulfil their responsibility.

One may well have strong, and critical opinions on the inadequacy of the Government aged pensions, and these could be reinforced by countless examples of severe hardship suffered by their recipients. However, side by side with the Government pensions we have a network of “private” superannuation funds, some good, some not so good. A great deal of thought and planning goes into these funds, and the results vary according to the limits imposed by employers on those experts responsible for their design. Without going 109 deeply into the rights and wrongs of privately provided retirement benefits the ad hoc nature of their provisions is apparent.

Leaving aside the many technical, and often controversial aspects of control and details of superannuation funds, such as level of contributions, portability, withdrawal benefits, etc. we come directly to the twin questions of level of retirement benefits and maintenance of adequate levels in a period of continuing inflation such as we are now experiencing.

It is worth quoting A.C.S.P.A. policy:

“that the Federal Government be requested to initiate an enquiry into the retirement needs of the community with a view to establishing a National Pension Scheme which would:



- (a) Provide adequate pension benefits to all aged and unemployable members of the community, widows etc., and
- (b) Ensure the maintenance of the real value of pensions in the face of monetary inflation.

To this end the following factors, among others, should be taken into account:

- (i) The desirable role to be played by Government and/or private (including Life Assurance Company) Schemes.
- (ii) The extent to which benefits under Public and Private Schemes are and should be, transferable in changes of employment of members,
- (iii) The minimum desirable standards of contributions, benefits and other rights to members in Private Schemes before such Schemes should become entitled to Government assistance, by taxation or otherwise.
- (iv) The incidence of a "Means Test" for entitlement to an aged pension, taking into account that wage earners have paid taxes towards payment of this pension.

We might say that these proposals have been forwarded to the Prime Minister, and have been advised that the "resolution will receive consideration in the course of the Welfare Committee's deliberations".

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