

EXECUTIVE SUMMARY

INTRODUCTION

1. An ageing population is not only a challenge, it also presents an opportunity. Age need not be a barrier to employment. Equipped with the right skills and expertise, older workers are a valuable source of manpower. Employers can benefit from having an age-diverse workforce, where mature workers with the requisite experience and skills are able to contribute productively in their jobs. At the same time, in view of rising life expectancy, workers also need to remain in the workforce longer to ensure their retirement adequacy.
2. The Tripartite Committee on Employability of Older Workers published its interim report on 26 January 2006. Following the release of the report, the tripartite partners have been working actively with companies, workers and the public in changing employment practices to hire and retain more older workers, as well as in encouraging mature workers to enhance their employability and prepare themselves for longer and more enriching careers.
3. Most of the recommendations in the interim report have been or are being implemented and have yielded positive results. For instance, mature workers have benefited from many of the skills upgrading and training programmes rolled out by the Singapore Workforce Development Agency (WDA) and the National Trades Union Congress (NTUC). In addition, the tripartite partners and the Tripartite Action Group (TAG), led by the Singapore National Employers Federation (SNEF), have been working with companies and on industry projects to facilitate the adoption of age-friendly employment practices, as well as organising regular forums and sessions to share best practices.
4. To correct misperceptions and positively shape mindsets, the tripartite partners have also embarked on broad-based promotional efforts. In May 2006, the Tripartite Alliance for Fair Employment Practices (TAFEP) was established to promote mindset change among employers, employees and the general public to adopt positive approaches and practices that are fair and equitable to all workers.
5. The efforts of the tripartite partners have borne fruit. The employment rate (ER) of older workers aged 55 to 64 has improved significantly by 6.7 percentage-points to 53.7% in 2006. The 2011 targets of an ER of 61% for residents aged 55 to 59 and 40% for those aged 60 to 64, have been met and exceeded respectively. Nevertheless, the Committee believes that there is room to improve further.

INTENSIFYING EFFORTS TO ENHANCE EMPLOYABILITY OF OLDER WORKERS

6. To tackle the challenges of enhancing the employability of older workers and to achieve the goal of raising the effective retirement age of the workforce, we need to adopt a holistic approach and intensify our efforts. Building on the momentum of the past 2 years, the Committee proposes to focus efforts over the next 5 years on initiatives to help companies employ more older workers as well as employ them for longer and beyond the retirement age. In addition to implementing and monitoring the progress of the recommendations made in its interim report, the Committee also proposes further measures to enhance the employability of older workers. The key areas of focus are outlined below.

THRUST 1: EXPAND EMPLOYMENT OPPORTUNITIES FOR OLDER WORKERS

7. The Committee will **continue to take a tripartite approach to encourage as many employers as possible to voluntarily implement policies and processes that will help facilitate opportunities for older workers to continue working beyond age 62.** This includes encouraging companies to set up a re-employment system to re-employ older workers when they reach retirement, or to voluntarily raise or remove the retirement age. To bring as many employers as possible on board, the Committee will promote the implementation of such policies and processes through focused efforts in various sectors such as Manufacturing and Services as well as the Public Sector.
8. In particular, the Committee **recommends that the ADVANTAGE! Scheme be enhanced to help companies build up capabilities to employ more older workers and to re-employ them beyond age 62.** The ADVANTAGE! Scheme will have an increased funding of up to \$400,000 per company, up from \$300,000 previously. It will also be streamlined to support companies' efforts on three broad fronts: (1) recruiting more older workers, (2) retaining older workers, with (3) a greater emphasis on facilitating the re-employment of workers beyond age 62. This includes giving funding support to help companies implement HR policies and systems for the recruitment, retention and re-employment of older workers. ADVANTAGE! was originally meant to run for 2 years up to end 2007. The Committee **recommends that the enhanced ADVANTAGE! Scheme run for 3 more years up to end 2010.**
9. The Committee has studied various international employment practices, including the Japanese model of re-employment legislation. While the preliminary assessment of the re-employment law in Japan has been positive, the implementation of a similar legislation in Singapore will not be without challenges. The experiences of other countries also show that legislation in itself is not a panacea to the multi-faceted challenges older workers face. Nonetheless, legislation can be a powerful signal and tool in shaping behaviour and driving corporate practices. However, without suitable preparation of the ground, legislation could have a negative impact. Commensurate efforts must complement legislation to ensure that the ground is suitably prepared and

businesses can adjust appropriately to new legislation to achieve a higher effective retirement age.

10. The Committee thus **recommends that the Government introduce legislative changes within 5 years to facilitate opportunities for older workers to work beyond age 62.** The legislative changes could take the form of a re-employment obligation, similar to Japan but contextualised to our local situation. We should also remain open to other ideas on legislation appropriate to Singapore's economic needs and industrial climate. The 5-year period will give lead time for further mindset change, greater capability-building in companies such as establishing and enhancing HR systems to employ more older workers and re-employ older workers beyond age 62, and more targeted efforts to reach out to specific groups of workers. The Government should **assess the progress made in enhancing the employability of older workers over the 5 years, the practices and systems that companies have implemented, and the responses from companies and workers, before deciding on the final form of legislative changes.** In the meantime **before the introduction of legislation, a revised set of tripartite guidelines could be introduced to guide and help facilitate companies in re-employing workers beyond age 62.**
11. The Committee also recognises that targeted assistance to encourage women to return to the workforce is needed to raise female employment rates. NTUC has earlier formed a "Women Back To Work" Committee to look at specific measures, such as counselling, career guidance and training, to help women to remain in or return to the workforce. To give a sharper focus to enhancing the employability of older women, the Committee recommends that current efforts be consolidated into a national programme. The Committee thus **recommends that the NTUC's "Women Back to Work" Committee be elevated to a Tripartite Workgroup, led by NTUC, with participation and support of employers and the Government.**
12. To expand labour market opportunities for older workers, the Committee also **encourages more tripartite efforts to promote the restructuring of work arrangements to provide more part-time and flexible work opportunities.** The tripartite partners will tap on the ADVANTAGE! Scheme and facilitate community-based efforts to implement programmes such as providing job-matching services and training for older workers.
13. In February 2007, the Government announced the restructuring of the Central Provident Fund (CPF) system and the institutionalisation of Workfare to provide more incentives for older, low wage workers to work, and for employers to hire them. The principal target group of the Workfare Income Supplement (WIS) is older, full-time workers aged above 45 years who earn \$1,000 or less, although coverage will also be extended to those above 35 years who earn \$1,500 or less. To give greater help and incentive to older low wage workers to work, the Committee **recommends that the Government consider giving a higher Workfare Income Supplement (WIS) payout to low income workers above the age of 55, when the scheme is reviewed in 3 years' time.** It would provide

this group with an even greater incentive to work, more take-home income and further build up their retirement adequacy.

THRUST 2: ENHANCE THE COST COMPETITIVENESS OF OLDER WORKERS

14. The tripartite partners will **continue to hasten the pace of wage restructuring by moving companies away from a seniority-based wage system towards a job-based, competency-based and performance-based wage system**. This will help to ensure that the cost of retaining older workers does not undermine business competitiveness.

THRUST 3: RAISE THE SKILLS AND VALUE OF OLDER WORKERS

15. The Committee also recognises that assistance has to be targeted to help specific groups of workers. It supports the **Professionals Conversion Programme (PCP)** launched by the WDA and NTUC to provide training for Professionals, Managers, Executives and Technicians (PMETs) to upgrade their skills. While the PCP has no specific age criterion, it is expected to help mainly older PMETs. The PCP which will cost the Government \$20 million will provide another avenue for unemployed professionals to embark on new careers in growth sectors. The tripartite partners will work together to reach out to older PMETs so that they can benefit from the PCP.

THRUST 4: SHAPE POSITIVE PERCEPTIONS TOWARDS OLDER WORKERS

16. To further change the mindsets of employers, employees and the customer public and shape positive perceptions towards the employment of older workers, the tripartite partners will **continue its outreach and promotional efforts to promote age-friendly workplace practices**. The TAG will help to operationalise the Committee's recommendations and assist companies in their efforts to enhance the employability of older workers.
17. The Tripartite Alliance on Fair Employment Practices (TAFEP) will also expand its activities in promoting fair employment practices and reaching out to more companies and workers. Its efforts will be coordinated under a **Tripartite Centre for Fair Employment**. The centre will serve as a focal point to promote awareness of fair employment practices, receive public feedback and give advice on fair employment practices, as well as provide assistance to employers who are keen to adopt good employment practices. TAFEP will also **institute a national award to recognise companies for implementing fair employment practices**.
18. The Committee believes that such practical approaches will help older workers remain economically active, as well as prepare employers, employees and the customer public for older workers to remain in the labour force longer. These efforts will also support any legislation that may eventually be introduced to facilitate opportunities for older workers to work beyond age 62.

CONCLUSION

19. Efforts to enhance the employment opportunities for the older population have to be on-going and the momentum needs to be built up. The Committee will therefore **continue its work for another 5 years** to co-ordinate and see through the implementation of its recommendations and initiatives. It will work closely with the Ministerial Committee on Ageing, chaired by Minister Lim Boon Heng, which has been formed to tackle ageing issues including employment. In particular, it will **work towards raising the employment rate for residents aged 55 to 64 from 53.7% currently to the medium-term target of 65%.**

SUMMARY OF KEY AREAS OF FOCUS

No.	Key Area of Focus	Lead and Partner Agencies
Thrust 1: Expand employment opportunities for older workers		
1	Take a tripartite approach to encourage as many employers as possible to voluntarily implement HR policies and systems to employ more older workers and facilitate older workers to work beyond age 62. Efforts will be focused on specific industry sectors including Manufacturing, Services and the Public Sector.	Tripartite partners
2	Enhance the ADVANTAGE! Scheme, with increased funding to help companies build up capabilities to employ more older workers and to re-employ them beyond age 62. This includes giving support to implement HR policies and systems for the recruitment, retention and re-employment of older workers. The ADVANTAGE! Scheme will continue for 3 more years up to end 2010.	WDA
3	The Government to introduce legislative changes within 5 years to facilitate opportunities for older workers to work beyond age 62. The actual form of the legislation should be determined after assessing the progress of efforts made over the next 5 years, responses from companies and workers, and the prevailing economic environment then. In the meantime, a revised set of tripartite guidelines could be introduced to guide and help facilitate companies in re-employing workers beyond age 62.	MOM
4	Form a Tripartite Workgroup to focus on expanding the employment opportunities and enhancing the employability of older women, leveraging on NTUC's current efforts, so that more older women could remain in or return to the workforce.	Tripartite partners led by NTUC
5	Promote the restructuring of work arrangements to provide more part-time and flexible work opportunities, and encourage community-based programmes such as job-matching services and training for older workers.	Tripartite partners
6	The Government to consider giving a higher Workfare Income Supplement (WIS) payout to low income workers above age 55, when the scheme is reviewed in 3 years' time.	MOM
Thrust 2: Enhance the cost competitiveness of older workers		
7	Step up the pace of wage restructuring to move companies away from seniority-based wage systems to a more job-worth and performance-based wage system.	Tripartite partners
Thrust 3: Raise skills and value of older workers		
8	Tripartite partners to reach out to older PMETs so that they can benefit from the Professionals Conversion Programme (PCP) to tackle structural skills mismatch and start careers in new growth sectors.	WDA & NTUC

No.	Key Area of Focus	Lead and Partner Agencies
Thrust 4: Shape positive perceptions towards older workers		
9	Set up a Tripartite Centre for Fair Employment to expand the efforts of the Tripartite Alliance for Fair Employment Practices (TAFEP) and institute a national award to recognise companies for implementing fair employment practices.	TAFEP
10	The Tripartite Action Group (TAG) to continue its outreach and promotion to help companies implement the Committee's recommendations and establish age-friendly workplace practices.	Tripartite partners led by SNEF (TAG)