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The Executive Director
Australian Law Reform Commission
GPO Box 3708
SYDNEY NSW 2001

Via email: age_barriers_to_work@alrc.gov.au

Review into Commonwealth legal barriers to older persons participating in workforce or other productive work

Insurance Australia Group Limited (IAG) welcomes the opportunity to provide comment in relation to the Australian Law Reform Commission's *Issues Paper Grey Areas – Age Barriers to Work in Commonwealth Laws*.

IAG is the parent company of an international general insurance group, with operations in Australia, New Zealand, the United Kingdom and Asia. Its current businesses underwrite over \$8 billion of premium per annum and paid around \$6 billion in claims per annum. IAG employs more than 13,000 people of whom around 9,000 are in Australia. Across our portfolio of brands IAG insures 7.0 million cars, 2.5 million homes, 93,000 farms, 122,000 employers and 470,000 businesses. IAG had more than 16.2 million policies in force in financial year 2011.

Within Australia, IAG's Direct Insurance business provides personal insurance products as well as business insurance packages targeted at sole operators and smaller businesses in NSW, ACT, Queensland and Tasmania primarily under the NRMA Insurance brand. SGIO is the primary brand in Western Australia, and SGIC in South Australia. In Australia, IAG also has a distribution agreement with RACV (underwritten by Insurance Manufacturers of Australia – owned 70% IAG; 30% RACV) in Victoria. Products are distributed through branches, call centres, the internet and representatives.

Within Australia, IAG's intermediated insurance products are sold nationally, primarily under the CGU Insurance and Swann Insurance brands through a network of more than 1,000 intermediaries, such as brokers, agents, motor dealerships and financial institutions. CGU is also a leading provider of workers' compensation services in Australia.

Please find attached IAG's submission to the *Issues Paper Grey Areas – Age Barriers to Work in Commonwealth Laws*. IAG's submission focuses on older worker participation in the labour force and work-life balance issues. IAG has also contributed to the Insurance Council of Australia's submission which deals with insurance specific issues raised in the *Issues Paper*. IAG endorses the Insurance Council of Australia's submission.

IAG would be happy to discuss this submission and to assist in any way we can. If you wish to discuss this matter or make further inquiries please contact David Wellfare, Senior Adviser, Economics & Policy on (02) 9292 8593.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Michael J Wilkins', is written over a light blue horizontal line.

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Introduction

Older workers play a key role in the Australian labour market and their importance will only increase in the years to come. Over the next several decades, population ageing is expected to have significant implications for labour force participation. As older workers will comprise a progressively larger number of Australia's workforce, Australian employers will have to rely more heavily on this segment of the Australian labour force, as their experience and knowledge become an increasingly valuable resource. Older workers will become a critical labour force component in maintaining future productivity and economic growth, particularly if, as projected, labour force growth continues to slow. Employers must give consideration now to how to retain this segment of the workforce with their valuable knowledge and experience.

Cultural Change Needed

IAG believes that Australian businesses have an important role to play in changing attitudes and organisational culture to recognise that older workers are valued and ensuring older workers are provided with ongoing opportunities for training, skill development and fulfilling careers. Ongoing labour force participation by older workers also provides greater scope for individuals to ensure greater financial security and well being.

Policies that facilitate staged retirement, flexible work patterns, and remove barriers to staying in the workforce longer, will all support this. For older workers wishing to continue working, key factors influencing workforce participation include: health outcomes; educational attainment; the tax transfer system, cultural attitudes; workplace flexibility and access to retraining and support services.

As the *Issues Paper* highlights, adopting anti-discrimination legislation and ensuring that superannuation, welfare and taxation policies do not provide disincentives to older worker participation is very important.

The challenge of how to extend the working lives of older employees in a way that balances the competitive imperative of business with the life realities of older workers presents many opportunities for Australian businesses. By focusing on the development of policies, programs, and employment arrangements necessary to extend the working life of the growing numbers of older employees, business can ensure future supplies of skilled workers, sustain economic growth, and help secure retirement income.

Diversity in a workforce, including age diversity, can provide competitive advantages to a business.

Importantly for business the customer base is ageing along with the labour force. The demographic make-up of a company's customer base can be an important factor influencing the appropriate composition of a company's workforce. Customers like being served by people who understand them and their preferences. The types of services and products that people demand will also change as the population ages. Age diversity in the workforce can give businesses access to workers who better understand the preferences of those in the wider community.

Diversity at IAG

IAG is well aware of the need to retain older workers and the need for a range of options to extend the working lives of older employees. IAG has developed a range of policies, programs, and practices to respond to this demographic challenge. For example, IAG has developed an environment that inspires and promotes equality and diversity of opportunity. IAG recognises and supports a diverse workforce and encourages employees to maximise their full potential.

IAG is committed to creating a workforce and culture, where IAG respects and values the different experiences of people, and harnesses the opportunity and business benefits that diverse ideas and perspectives bring to the organisation and stakeholders.

In the *IAG Annual Review 2010*, IAG announced that promoting diversity, encompassing aspects such as gender, age, ethnicity, ability and thought was a priority. The program of Group-wide initiatives is "co-owned" by each IAG division.

IAG believes to drive the future success of the company and reach its ambition to be the world's most respected group of general insurance companies, it needs to attract and retain the best people.

Diversity is fundamental to this, because talent does not confine itself to one gender or group of people. Attracting and retaining disciplined business leaders who are passionate about customers and who have a broad range of skills, experiences and frames of references will drive innovation within the organisation and, in turn, contribute to an improved customer outcome and financial performance.

Making IAG successful requires a wide range of people, with a broad range of skills, from a variety of backgrounds.

To help attract and retain these people, IAG has implemented a variety of workplace options and benefits to suit different employee needs. Inherent in delivering these benefits has been ensuring a shared understanding of what flexibility means at IAG, together with a commitment to ensuring flexibility is available at all levels of the organisation, including for management.

Following are examples of a variety of workplace diversity initiatives, tools, and benefits provided at IAG that support and appeal to our diverse workforce:

- a cash-out annual leave option for employees who have excess accrued leave and do not wish to take a holiday;
- 20 weeks paid parental leave for primary care givers;
- 3 weeks paid secondary carers partner leave with flexibility to take a further 3 weeks if the employee becomes the primary carer;
- employees who have 10 or more years of service may use their long service leave entitlement in small blocks (such as single days) allowing more choice on how they phase into retirement;
- career break options designed to support employees who wish to take an extended break, for reasons such as caring for grandchildren or to take care of community responsibilities;
- mid-service leave which provides an extra week of leave per year for employees who have 7, 8 or 9 years of service;
- shorter working year option where employees can apply to purchase up to 6 weeks additional leave annually;
- other leave arrangements that help employees address both unexpected and ongoing personal and family needs;
- voluntary job share arrangements providing employees with more flexibility in balancing work and life outside work;
- 1 day volunteer leave annually where employees can participate in a community or charity organisation;
- superannuation at 13% with the flexibility to cash it down, demonstrating IAG's commitment to helping with different financial life stages including independence in retirement;
- financial support and time off for study and professional development; and
- flexibility around how, when and where work is done, with tools and support to help managers and employees effectively implement flexibility, such as:
 - participation in part time work arrangements;
 - working from home;
 - rostered days off, flexi time and time in lieu arrangements;
 - the ability to take time off during ordinary work hours and make up the time later; and
 - compressed working weeks.

We know that these workplace options increase employee loyalty, ensure that we can more readily engage customers, improve our reputation and the value of our brands, strengthen our employment brand making us more attractive to new recruits and provide tangible support to the community.

Through our diversity programs we aim to support people in their whole lives and to assist them to find balance between competing priorities that come from families, health, personal development and other commitments.

IAG believes that it is important to recognise however, that supporting the ongoing participation of older workers is a shared responsibility. Individuals must also take responsibility for planning for their financial security and ensuring that they remain productive and valued members of the workforce. This means taking responsibility for, and being pro-active in, maintaining skills and training and overall employability. Disengaging from work and opting out of training or new job opportunities will not enable ongoing participation and tends to reinforce negative stereotypes.

We look forward to participating in future discussions on these important issues.