

Folketinget — Det Politisk-Økonomiske Udvalg
Christiansborg, den 20. december 2005

Til
udvalgets medlemmer og stedfortrædere.

Invitation til OECD-møde om de aldrende befolkninger

OECD afholder den 23. februar 2006 kl. 10.00-17.00 et seminar for parlamentari-
kere om de politiske konsekvenser af de aldrende befolkninger. Seminaret fore-
går i OECDs hovedkvarter i Paris.

Med venlig hilsen
Søren Koushede,
udvalgssekretær.

DIRECTION DES RELATIONS EXTÉRIEURES ET DE LA COMMUNICATION

PUBLIC AFFAIRS AND COMMUNICATIONS DIRECTORATE

Division des Relations publiques

Public Affairs Division

OECD Forum Director and Head of Public Affairs

Directeur du Forum de l'OCDE, et Chef des Relations publiques

16 December 2005

Dear Madame/Sir,

I would like to invite you to participate in a **High-level OECD Parliamentary Seminar on the “Policy Implications of Ageing Populations”** which will take place at OECD headquarters in Paris on 23 February 2006 from 10am to 5pm.

This seminar will be an opportunity to share with parliamentarians the main conclusions of recent OECD work on ageing, as well as to listen to their views on some of the challenges facing all OECD countries as a result of their ageing populations: how to maintain pension levels when, by 2050, there might well be only one person in employment for every person in retirement? how to control costs of long-term care, make it available to the most needy, and roll back the onset of disability in old-age ? While all countries are faced with similar challenges, the solutions must take account of national circumstances.

The seminar will draw on a wealth of recent OECD analyses on key policy challenges related to population ageing. Increases in longevity are good news. But many areas of public policy will have to change if we are to exploit fully the potential economic and social benefits due to ageing.

Earlier this year, the OECD published *Pensions at a Glance*, which compares key features of pension systems of OECD countries, covering retirement ages, benefit accrual rates, ceilings and indexation. The OECD is currently preparing the next issue of the report which will look at how pension reforms over the past 15 years have affected prospective pension entitlements and how pensions change when people leave the labour market at different ages.

Improving the employment prospects of older people aged 50-64 is one major key to meeting the ageing challenge. Today, more than 4 out of 10 older people in OECD countries are unemployed or inactive – nearly double the figure for persons aged 25-49. This situation is a result of a number of barriers to the employment of older workers. The

OECD has reviewed these barriers in over 20 countries and made detailed recommendations to overcome them as part of its Ageing and Employment Policies series and is about to publish a major cross-country synthesis report on this work under the title, Live Longer, Work Longer.

Immigration is contributing significantly to population growth in many OECD countries and immigrants account for an increasing share of the labour force. Although migration cannot resolve the demographic imbalances created by the fall in birth rates, it can help to mitigate their impact, as well as contribute to satisfying labour shortages arising out of the retirement of the baby-boom generation. How can migration movements, both permanent and temporary, be organised to satisfy the expected labour needs and ensure, at the same time, that the new arrivals are smoothly integrated into OECD societies?

When the cohorts of the baby-boom generation will reach the oldest age groups over the next three decades, demand for long-term care will rise steeply. How do governments in OECD countries respond to this growing demand? What has been done to improve access to long-term care, improve quality of services and make care affordable? Are there examples of successful strategies to improve the mix of services and policies to enable a larger number of older persons to stay in their homes? In this context, the OECD released earlier this year the publication *Long-term care for older people*, which reports on the latest trends in long-term care policies in 19 OECD countries.

I would be very grateful if you could inform Meggan Dissly, Manager, Parliamentary Relations [meggan.dissly@oecd.org, tel 33 1 45 24 80 94] or Margaret Simmons [<mailto:margaret.simmons@oecd.org>, tel 33 1 45 24 99 66] if you can participate in this seminar.

With my best regards,

Yours sincerely,

John West

***OECD High-level Parliamentary Seminar on
“Policy Implications of Ageing Populations***

23 February 2006

OECD Headquarters

19, rue Franqueville

75016 Paris

Programme

9.30: Welcome coffee

10.00: The Pensions Puzzle – overview Mark Pearson, Head of Social Policy Division, Directorate for Employment, Labour and Social Affairs.

10.25: Discussion

11.00: Pension systems: what works? Ed Whitehouse, Administrator (pensions), Social Policy Division, Directorate for Employment, Labour and Social Affairs.

11.20: Discussion

12.00: Long-term care: how to respond to growing demand? Peter Scherer, Head of Health Division, Directorate for Employment, Labour and Social Affairs.

12.20: Discussion

12.45: Break before lunch

13.00: Working lunch

15.00: Worker migration Jean-Pierre Garson, Head of Non-Member Economies and International Migration Division, Directorate for Employment, Labour and Social Affairs.

15.20: Discussion

16.00: Older workers Mark Keese, Principal Administrator, Ageing and Employment Policies Division, Directorate for Employment, Labour and Social Affairs.

16.20: Discussion

17.00: Closing remarks

Background

Pensions

How much will the pension promises that OECD countries are making to workers today actually cost when those people retire, and will governments be able to afford them? Experts have been warning us for some time that population ageing is looming and that, when it strikes, changes will be rapid. But many governments preferred to ignore the need for reform and to try to postpone reforms beyond the next election.

Immigration of younger workers, more women in work and higher productivity were all put forward as possible solutions in the hope that more painful solutions, such as cutting benefits or working longer, could be avoided. All of these factors can certainly help to cope with the challenges posed by ageing to the financing of social protection systems, but the increases in each of them necessary to compensate for ageing are so large that one cannot rely on them alone.

OECD countries have awakened to the need to adapt to an ageing society, and reforms have taken place. But pension reform is a difficult task. Not only does it lead to heated ideological debates, it can result in street protests that force governments to retreat from urgently-needed reforms. Recently, however, public opinion on pensions has been changing. People are realising that a shrinking number of young workers will have trouble paying for more and more pensioners. Reforming pensions is one of the biggest challenges of the 21st century. All OECD countries have to adjust to the ageing of their populations and rebalance retirement income provision to keep it adequate and ensure that the system is financially sustainable.

Long-term care

The OECD has also looked at long-term care in 19 countries to determine what strategies have proved most successful, lessons learned and trends in expenditure and financing.

There are big differences between countries in the resources devoted to long-term care. But even in those with the most comprehensive provision, long-term care still accounts for only 10-20% of total spending on health and long-term care together. By sharing the cost with individuals and families, spending has, in the past, been contained. Informal care provision by families has also helped a lot.

Providing the support so that older people can stay at home as long as possible can greatly improve their living conditions, and it is what most people want. A broad range of support services is needed to achieve this. Useful policies include respite care, so informal caregivers can have some time off, and professional guidance given to families. Many OECD countries have also introduced programmes that provide consumers of services with a choice of care options, including cash payments to family caregivers.

More generally, the OECD analysis concludes that universal systems with population-wide access to long-term care, based solely on need, can prevent catastrophically high personal costs of care. But these systems require expensive contributions and extend benefits to people who could afford their own care costs. Strategies to control future costs need to encourage private cost-sharing, confining publicly provided benefits to people with low means and withdrawing or limiting support for people with only mild disabilities. Finally, public health policies face the great challenge of trying to prevent or delay the onset of disability in old age.

Older workers

Living longer, working longer

Faced with population ageing, longer working lives must be encouraged. If nothing is done, the number of retirees per worker in OECD countries will double over the next five decades. This will threaten living standards and put enormous pressure on the financing of social protection systems.

Many employment and social policies, practices and attitudes discourage work at an older age and need to be overhauled. They not only deny older workers choice about when and how to retire but are costly for business, the economy and society.

To turn the challenges of increased longevity into an opportunity for a more prosperous future, work needs to be made a more attractive and rewarding proposition for older workers. First, there must be strong financial incentives to carry on working and existing, subsidised pathways to early retirement have to be eliminated. Second, wage-setting and employment practices must be adapted to ensure that employers have stronger incentives to hire and retain older workers. Third, older workers must be given appropriate help and encouragement to improve their employability. Finally, a major shift in attitudes to working at an older age will be required on the part of both employers and older workers themselves.

Implementing this new agenda of age-friendly employment policies will require the involvement and co-operation of government, employers, trade unions and civil society.

Migration

Many OECD are developing policies to promote employment-related migration and have eased their legislation to facilitate the entry of highly skilled workers. Settlement countries such as Australia, Canada and New Zealand have strengthened their selection systems to favour better integration and are tending to accord permanent residence more and more to highly skilled workers who are already in the country on a temporary basis. Many countries have introduced provisions to allow foreign students to work and indeed, to settle after the completion of their studies.

Labour shortages in certain areas such as health and care of the elderly have already appeared in some countries and are expected to increase as the number of older persons increases. Other occupations in which older workers are overrepresented include teaching, skilled agricultural work and transport-related work. But labour shortages are not confined to high-skilled jobs. Since natives are often reluctant to take up low-skilled jobs, they can provide an outlet for immigrants in many countries.

Because of the political sensitivity of migration in many countries, the question of how recruitment is to be organised to satisfy specific needs in coming years is a difficult one. Will all needs require permanent migration or can some be met through temporary workers or through contract service provision? How can temporary movements be organised to ensure a return?