

**SUBMISSION BY HUME CITY COUNCIL TO THE
HOUSE OF REPRESENTATIVES STANDING
COMMITTEE
EMPLOYMENT, EDUCATION AND WORKPLACE
RELATIONS
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Submission by Hume City Council to the House of Representatives Standing Committee on Employment, Education and Workplace Relations

Ageism in the workplace is rationalised in different ways. In general people say that older workers are sicker, more prone to absenteeism and less able to work in demanding jobs. They are less flexible, less adaptable, and tiresomely set in their ways. And anyway older people should have made provision for their retirement, retirement which comes increasingly early. They should not need a job much after the age of 50. They should be digging the garden and revising their wills. Surely it is right to give youth a chance?

Howard Davies, Deputy Governor of the Bank of England, President of Age Concern and Chairman of the Employers' Forum on Age. September 1996.

1. Introduction

- 1.1 The House of Representatives Standing Committee on Employment, Education and Workplace Relations is examining the social, economic and industrial issues specific to workers over 45 years of age seeking employment, or establishing a business, following unemployment.
- 1.2 The Hume City Council, whose initiative has been instrumental in establishing the *Jobs for Hume* taskforce, has an ongoing and active interest and involvement in all employment and unemployment issues which it sees as one element of community and economic development.
- 1.3 Hume City is located on Melbourne's north west fringe and is 503 square kilometres in area and includes Broadmeadows, Sunbury, Craigieburn and Melbourne Airport. It has a population of 125,078 (April 1999) and is forecast to increase to 157,000 over the next 15 years.
- 1.4 Although as a developing municipality Hume is typically a 'young' area, the percentage of its workforce aged 45 and over is increasing and with it unemployment levels in that age group. As part of the region with the highest unemployment rates in Victoria - 11.5% compared to 7.5% for MSD, 7.9% for Victoria and 7.9% for Australia as of February 1999 ¹ - local unemployment continues to remain unacceptably high, despite a general improvement at the national, state and metropolitan level.

2. General Trends in Age and Employment

- 2.1 In developed countries the notion of when we enter old age is strongly defined by employment. In a culture that defines and values people by what work they do, and values paid work over non paid work, retirement, which marks the official end of our life in employment, carries connotations of loss of productivity, efficiency and usefulness. The traditional valuing and acknowledgment of older people as the 'keepers of wisdom' has been one of the casualties of the rate of progress and change in the twentieth century.
- 2.2 In a paper presented to the International Association of Gerontology's 1997 Congress, Alan Walker ² describes three distinct phases in the changing attitude between age and employment, in the post war period.

¹ Department of Employment, Workplace Relations and Small Business. February 1999. *Labour Market Review - Victoria*. Quoting ABS Labour Force Survey data (Unpublished)

² Walker, Alan. 1997. *Age and Employment*. An address to the 1997 World Congress of Gerontology "Aging Beyond 2000: One World One Future"

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- 2.3 The first phase was the introduction and consolidation of superannuation for older workers in the 1945 - 1965 period. Walker says that *"The introduction of age-barrier retirement was a critical moment in the history of age and employment. In effect the social meaning of old age was defined, or manufactured, by this process and a dividing line created between economic productivity and dependency. This was a process which involved governments, employers, individual workers and their representatives."*
- 2.4 The impact of introducing a defined retirement age was profound, not least because it carried with it the notion of declining productivity and usefulness with age, a view that - despite growing research evidence that demonstrates otherwise - still prevails.
- 2.5 The second stage according to Walker was from the early 1970's to the late 1980's. During that period, for increasing numbers of people, early retirement from the labour market became established in part as a mechanism for reducing the labourforce to increase productivity in response to growing globalisation. Again, *'both policy makers and workers' representatives were actively involved in the reconstruction of the relationship between age and the labour market."*
- 2.6 This declining average retirement age Walker describes as one of the most important structural changes in the labourmarket in the twentieth century, a view supported by the American National Centre for Policy Analysis who suggest that *"Next to the unprecedented increase in the proportion of women...in paid employment, analysts say the most significant employment trend during the post war era has been the decline in the proportion of older men and women who keep working."* Recession, unemployment and redundancy have been major contributing factors in maintaining this trend. As an illustration of these trends, in the United States in 1955 nearly 45% of men 65 and older were still in the labour force; in 1997 that had reduced to less than 20%.³ Ironically, occurring in parallel with this declining retirement age was increasing longevity.
- 2.7 The third phase, which is the current period, appears to be questioning this trend. While older workers continue to be excluded from the labour market, there are signs of change. Governments in all OECD countries, including Australia, are reassessing their policies. Economics is one of the driving forces, as the prospect of paying age pensions for longer periods of time to increasing numbers of older people becomes evident. In addition, the declining number of young entrants to the labour market, relative to those retiring, makes raising rather than lowering average retirement age not only desirable but possibly necessary. Within a decade, the number of Australians in the 50 plus age groups will have increased from the current 8% to an estimated 11%. But demographics aside, the early retirement of a significant proportion of the population twenty or thirty years before the end of their life represents, from a national perspective, a squandering of a major resource.

3. Perceptions and Attitudes

- 3.1 Howard Davies quotation at the start of this submission encapsulates many of the negative perceptions of older workers held both by employers and the wider community.
- 3.2 Employers attitudes to older workers, the subject of much research in recent years, is significant. Discrimination is widespread, both with respect to internal practices such as favouring younger workers for training and promotion, and external factors such as employing younger workers in preference to older workers when all other factors are equal. One indication of this is illustrated by the fact that *"Younger employees were more likely to be promoted or transferred than older*

persons. An estimated 12% of employees aged 20-29 years had been promoted and 11% had been transferred.[between November 1995 and November 1996] Some 7% of employees aged 30-54 years

³ National Center for Policy Analysis. 1997. *The Declining Labor Force Participation Of Older Workers.*
<http://www.ncpa.org/pdf/economy/econ5.html>

~~had been promoted and 7% had been transferred. In contrast, for those aged 45 years and over, only 4% were promoted and 5% transferred.”⁴~~

- 3.3 Employers have positive attitudes about some aspects of older workers also, including their loyalty, productivity and reliability. Negative attitudes are strongly focused on the perceived lack of ability of older workers to adapt and change - either their attitude or their skills - relative to younger workers.
- 3.4 Employers perceptions of older workers often do not match reality, but as employment consultant Michael Barth reported to the US Special Senate Committee on Aging⁵, “...those who make critical decisions about the hiring, firing, upgrading, and training of mid-career and older workers do so based on their perceptions of the costs and productivity of these people. In this regard, “perception is reality””

He continues by describing what some of these perceptions are.

“The positive perceptions included the following:

- *Valuable experience;*
- *Excellent judgment;*
- *Strong commitment to quality;*
- *Low turnover; and*
- *Very good attendance and punctuality.*

Negative perceptions included the following:

- *Tendency towards inflexibility;*
- *Inability to effectively use new technology;*
- *Difficulty at learning new skills;*
- *Concerns about physical ability;*
- *High health care costs.”*

- 3.5 He then describes some comprehensive studies that were undertaken that tested the validity of these perceptions. Many of the positive perceptions were found to be correct - lower turnover rates, lower absenteeism, etc. and many of the negative perceptions found to be incorrect - no difficulty learning, costs were no higher etc. This view is supported in a discussion paper recently released by the Australian Human Rights and Equal Opportunity Commission⁶. Barth suggests that his evidence, and much other research that has reached similar conclusions, could be used to change perceptions.

⁴ ABS Cat. 6254.0 Career Experience, Australia. November 1996.

⁵ Barth, Michael C.(Executive Vice President, ICF Kaiser International Consulting Group) 25.7.1997. *Older Workers: Perception and Reality*. Presentation to the US Special Senate Committee on Aging Forum - Preparing for the Baby Boomers Retirement : The Role of Employment

⁶ Human Rights and Equal Opportunity Commission. April 1999. *Age matters?* A discussion paper on age discrimination.

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- 3.6 Equally important, but less well researched, is the attitudes of older workers themselves and the attitudes and perceptions they have in their search for employment. These attitudes are based, in part, on their experience of employment. Unlike young people entering the labour force now, who understand that their working life will be constantly changing, *"this is the generation [i.e. the generation over 45] for whom employment was not really an issue and they have been surprised by the pace of change, having assumed that being a loyal and stable worker was the way to secure long term employment and build a career....The choice of jobs they had may be more limited than it is today, but there was an expectation that once you'd made your choice, you would build a career and make your employment commitment in that particular industry or occupation. That is no longer the case."*⁷
- 3.7 While employer attitudes and perceptions are paramount, the attitudes and perceptions of older job seekers are also important. Gail Dollimore, an employment guidance consultant with Seek Communications, reports⁸ that over 85% of the people she sees regard their age as the single largest barrier to employment. But Dollimore suggests that that perception may not always be the real reason why their job search is not succeeding, and suggests that some of the reasons job seekers may not be successful *"might include:*
- *not objectively analysing their performance;*
 - *continuing to approach job searching in the same way that has not worked in the past;*
 - *not knowing how to do it differently;*
 - *not finding any other reasons, and age seems to have popular support no matter how unfounded."*
- 3.8 That is, older workers themselves may either believe that it will be more difficult to find work and so not notice other reasons for their failure to do so and/or they may be using outdated job search techniques. It should be stressed that this finding is not an attempt to 'blame the victim' - in this case the older jobseeker - for their dilemma, a tactic often used in discussion and policy development in employment and unemployment. Rather it simply highlights the need to not assume that age is always the primary issue; job search techniques and other factors may be significant contributing causes.
- 3.9 Having said that, it is also true that older job seekers have to be more pro -active in their efforts to counter age discrimination. Without in any way removing responsibility from employers to change, Barth suggests that *"Often gatherings such as this [forum on aging and employment] conclude with the participants strongly agreeing that the plight of older workers is unfortunate and unfair. This would be an inadequate conclusion. It may not be fair, but older workers must recognise reality and respond positively to this reality no matter how negative it may be. That is, older people in the workforce must recognise the need to accept change, and that managers value flexibility and receptivity to change. No matter how unfair, older people must accept the burden of proof and overcompensate, if necessary. They must embrace new technology and processes, push for training to maintain and upgrade skills, and take leadership positions in accepting new ways of organising work. They, like everyone in the workforce now, must recognise that career management has become the worker's responsibility. One must stay abreast of the job market, identify skills in demand, and obtain training in the skills needed for the next job. This is not easy; indeed, it is most difficult in the case of older workers, but it is necessary."*

⁷ Kernot, Cheryl. 1998. Address to the Sydney Institute

⁸ Dollimore, Gail. Seek Communications. 1998. *Too old for the job search game?"*

4. Migration and Employment

4.1 Migration and its impact on employment, while of general interest to all of Australia, is of particular interest in certain areas and regions where migrants are concentrated. For those regions, of which Hume is one, any discussion on age and employment must include consideration of ageing migrants and employment, and the issues that are specific to them.

5 Migration and Employment in Hume

5.1 The following table illustrates the percentage of the population of Hume that is overseas born, including a breakdown by suburb and age.

SUBURB	Population (Total)	Born O'Seas	NESB Total	15-24*	25-45*	45-54*	55+*
Broadmeadows	64,869	23,737	21,147	3,595	6,556	2,538	2,961
Craigieburn	26,562	6,241	5,064	709	1,975	506	405
Sunbury	24,599	3,975	1,825	256	621	219	201
Hume (Total)	116,030	33,926	28,036				

Source: ABS 1996 Census.

*Figures in these columns have been estimated, and probably slightly underestimate younger age groups and slightly over estimate older age groups. (Official figures have yet to be released.)

5.2 In the North West region of Melbourne (Hume City and the City of Moreland) in November 1998⁹, the following official employment figures clearly illustrate the extent to which the overseas born residents bear the brunt of regional unemployment.

- The total number of employed persons was 114,400 of which 87,000 (76%) were Australian born, in a general population in which only 67.6% are Australian born.
- The participation rate was 70.2% for Australian born residents, compared to the MSD¹⁰ rate of 70%. This rate dropped to 45.5% for overseas born residents, compared to the MSD rate of 56.9% for overseas born residents.
- The total number of unemployed persons was 8,800, of which 4,300 (49%) were Australian born and 5,500 (51%) were overseas born.
- The unemployment rate was 4.7% for Australian born, compared to the MSD rate of 6.1%, but was 16.7% for overseas born residents, compared to MSD rate of 8.7% for overseas born residents.

⁹ ABS Labour Force Survey data

¹⁰ Melbourne Statistical Division (MSD) - the greater Melbourne or metropolitan area.

5.3 From this it can be seen that those residents in the North West region born overseas are overly represented in unemployment figures, both generally and in comparison to the overseas born residents in the rest of the metropolitan area.

6. Category One – Recent Arrivals

6.1 The issue of migration and employment falls essentially into two categories.

6.2 The first category is the recent arrivals (0 to 5 years) who have entered the country under the Skilled Stream category, the Family Stream category or as a refugee. The Department of Immigration and Multicultural Affairs (DIMA) research¹¹ suggest that those migrants who enter under the Skilled Stream generally have unemployment levels at or below the general unemployment rate within 18 months to 42 months after arrival, and contribute significantly to the general economy. From July 1999, a condition of entry under the Skilled Stream category is that applicants are under 45 years of age.

6.3 Migrants who enter under the Family Stream category experience much higher levels of unemployment than the general population 42 months after arrival, particularly refugees. People who enter as 'parents' under this category must, as of November 1998, be retired. It is the Family Stream category of migrants who are of most interest and concern in Hume. (It should be stressed that Council is not suggesting that the higher levels of unemployment among these migrants is of itself a reason for reducing the number who enter in this category; the reasons for and benefits of migration are multiple, with direct employment outcomes only one of many considerations.) The DIMA research also identifies other factors that influence migrant employment levels. These include English language proficiency, length of residence in Australia, age and skills. The latter two are factors in common with the Australian born population; the more skilled a person, the greater the chance of employment, and those over 45 years of age experience greater difficulty in finding employment. With respect to age, DIMA found "that 42 months after arrival, migrants aged 45 years and over experience unemployment rates more than three times the level of those 45 years old and under." The research did not compare employment levels of migrants and Australian born people in the 45 years and older age group, but earlier research¹² illustrated that unemployment for all age groups is higher for non Australian born than Australian born, and the difference in unemployment rates rises with age.

6.4 While most of the recent arrivals are relatively young, the policies and strategies in place now – particularly the resources allocated to English language and targeted, vocational educational training (i.e. in developing not contracting industry sectors) will have a significant impact in the future. These migrants are a critical and increasingly important component in slowing the aging of the workforce, providing some balance between the relatively large 'baby boomer' and following smaller generations.

¹¹ The Department of Immigration and Multicultural Affairs. 1998. *Fact Sheet 65. Immigration and Unemployment.*

¹² Human Rights and Equal Opportunity Commission. 1995. *State of the Nation. A report on people of non- English speaking backgrounds.* AGPS, Canberra.

7. Category Two - Earlier Arrivals

- 7.1 The second category of migrants that is of interest to Hume is those who arrived more than 5 years ago, and particularly those who arrived prior to 1980.
- 7.2 In the immediate post war period, many of the arriving migrants were employed in the manufacturing sector. In 1966, 40% of all migrants were employed in manufacturing. Significant numbers of these people were continuously employed for many years, often with the same company, until the decline of manufacturing jobs that began in the 1980's, and still continues. (Since 1990, approximately 70,000 manufacturing jobs have disappeared due to a variety of factors including increasing mechanisation and increasing levels of off shore production.)
- 7.3 This second category of migrants are typically in the older age groups, are well established, and have Australian born children who are entering adulthood. Along with their Australian born counterparts, they were and continue to be the losers of the major industry restructuring of the 1980's and 1990's. They are too young to be permanently retired, but their prospects of re-employment, particularly without retraining, are slight. Anecdotal evidence suggests that English language proficiency is often poorer than might be expected after such an extended period of residence, in part because they were employed in workplaces where their own language was widely spoken. This is particularly the case for former workers in female dominant industries such as clothing and textiles.
- 7.4 The Human Rights and Equal Opportunity Commission, in a 1995 report¹³, summarises the position of older, long term migrants succinctly: *"..Many women of non-English-speaking background - particularly those from European countries who have been in Australia for more than 20 years - have been victims of recession and reduced tariffs that have decimated the Australian clothing, footwear and textiles industries. Older generations of these immigrants - particularly those from Southern and Eastern Europe - who were the factory fodder for manual manufacturing jobs in the 1950s and 1960s are today victims of economic restructuring.."*

8. Australian Labourmarket Trends.

- 8.1 Unemployment statistics are the most commonly cited measure of the health of the labour market, but they can be very misleading. Most commentators agree that official figures understate the extent of unemployment^{14 15} by 15 to 20%, and up to 50% in some cases.
- 8.2 Employment statistics (number of jobs), also commonly regarded as an indicator of the health of the labour market, can be equally misleading. These statistics include full time, part time, casual and temporary jobs, and can hide within them underemployment, over employment, low paid and low quality jobs, insecurity of tenure, and mismatching of skills and abilities to available jobs, with a consequent underutilisation of available resources. They do not include illegal workers, who are estimated to be 2% of the labour force, or children.

¹³ Human Rights and Equal Opportunity Commission. 1995. *State of the Nation. A report on people of non- English speaking backgrounds.* AGPS, Canberra.

¹⁴ OECD. 1994. *The OECD Jobs Study. Evidence and Explanations. Part 1 - Labour Market Trends and Underlying Forces of Change.* OECD Paris.

¹⁵ Dorrance, Graeme and Hughes, Helen. 1996. *Divided Nation: Employment and Unemployment in Australia.* Institute of Applied Economic and Social Research. Uni of Melbourne.

9. Official Unemployment

- 9.1 As of March 1998, 20.7% or 3,721,242 of the total national population was in the 45 to 64 age group, with this proportion predicted to grow. In Hume, a relatively young area, this age group represents closer to 18% of the total municipal population, but as a proportion it is also increasing.
- 9.2 At February 1999¹⁶, official figures put the Australian labourforce at 9,391,500 people, of which just under 700,000 were unemployed. As has been previously noted, there is a general recognition that official figures for both the size of the labour force and the number of unemployed understate the case.¹⁷
- 9.3 The job search experience of the unemployed has found that age is the single most significant barrier to employment, whether that is 'too young' or 'too old'. Age was equally a factor for those with, and those without, post secondary school qualifications.¹⁸
- 9.4 Unsuccessful job seekers, at July 1998, were disproportionately represented in the older age groups. While 25% of unsuccessful job seekers were in the 20 to 24 age group, this rose to 36% for the 35 to 44 age group, 39% for the 45 to 54 age group and 56% for the over 55 age group¹⁹, demonstrating a declining success rate with age among the unemployed.
- 9.5 It would be of use and interest to clarify why this is so. That is, what are the primary causes for the increasing lack of success with age - the nature of the jobs that are available; the preference of employers; the job search skills of the applicants; the job skills and experience of the applicants; the attitude of the applicants; or some combination of these?

10. Unofficial Unemployment

- 10.1 People who are classified as 'not in the labour force', which was 3,638,800 people at September 1998²⁰, (28% of the population between 15 and 69) include a significant number who are actively seeking work. These people are further classified into those who are 'marginally attached to the labourforce' and those who are 'not marginally attached to the labourforce'.
- 10.2 For those people classified as 'marginally attached to the labour force'(922,600), 6% or 55,356 were actively seeking work, with approximately 20,000 of those seeking full time work. An estimate of discouraged job seekers at September 1998 was 110,900, with many of these, particularly males, in the older age groups and with the stated reason for not actively looking for work being 'considered too young or too old'.
- 10.3 Of those people classified as 'not marginally attached to the labour force' (2,716,100), 11% or 287,100 wanted to work.
- 10.4 For all people classified as 'not in the labour force', 82% had previously had a job and, while three quarters of the females had left their last job voluntarily, over half the males were job losers, including a significant proportion who were retrenched.

¹⁶ Department of Employment, Workplace Relations and Small Business. February 1999. *Labour Market Review - Victoria*. Quoting ABS Labour Force Survey data (Unpublished)

¹⁷ Loundes, J. October 1997. *A Brief Overview of Unemployment in Australia*. Working Paper 24/97. Melbourne Institute of Applied Economic and Social Research. P5.

¹⁸ ABS Cat 6222.0 Job Search Experience of unemployed Persons, Australia. July 1998.

¹⁹ ABS Cat. 6245.0 Successful and Unsuccessful Job Search Experience, Australia. July 1998.

²⁰ ABS Cat. 6220.0 Persons Not in the Labour Force, Australia, September 1998.

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- 10.5 In summary what this means is there is a significant number of people who are not classified as being in the labour force, but who would like to be. Apart from the unmet job demand that is represented by the official unemployment figures, it can be conservatively estimated that there is an equivalent full time job demand among the predominantly older people who are classified as 'not in the labour market' of between 100,000 to 150,000, with the real figure likely to be up to three times greater.

11. Underemployment

- 11.1 Underemployment is another area of hidden employment need, with the percentage of the labourforce who wish to work more hours than they currently do growing steadily. At September 1997²¹, 6.1% of all employed people - that is 515,000 employees - wanted more work, 62% of whom wished to have full time work. An estimated additional 7.8 million hours of work per week was sought, the equivalent of 205,030 full time jobs. Of the underemployed, 22% were 45 and over, and the majority of those were female.
- 11.2 Older workers wishing to work more hours take much longer to achieve that goal. While the median duration of a period of insufficient work for persons wanting to work more hours was 26 weeks, this increased with age. *"For females, the median duration ranged from 22 weeks for those aged 15-19 years, to 104 weeks for those aged 60-64 years. For males the median duration ranged from 20 weeks for those aged 15-19 years to 52 weeks for those aged 60 years and over."*²²
- 11.3 Dorrance and Hughes²³, in describing the position of the underemployed in Australia, highlight that underemployment *"not only effects incomes but also has a long-term impact on the development of skills and career prospects"*. Their estimates (August 1995) put the real unemployment rate at 5% higher than the official rate when unofficial unemployment and underemployment are included. One consequence of this is that in times of economic growth, the unemployment rate can take a long time to decline as the underemployed and new entrants to the workforce take up the expanding employment opportunities at the expense of the registered unemployed.

12. Overemployment

- 12.1 At the other end of the spectrum, there is growing evidence of the over employment of certain sections of the labour force, with the average number of hours worked by managerial, professional, semi professional and clerical workers increasing over the last decade as employers have downsized their workforces. The declining retirement age has, according to Walker²⁴, increased the insecurity of older workers and affected employers perceptions of the age at which workers are considered 'too old'. The willingness of workers to be overemployed - particularly older workers - is in part fuelled by the fear that if they lose this job they will not easily, if at all, find alternative employment.

²¹ ABS Cat 6265.0 Underemployed Workers, Australia, September 1997.

²² ABS Cat 6265.0 Underemployed Workers in Australia. September 1997.

²³ Dorrance, Graeme and Hughes, Helen. 1996. *Divided Nation: Employment and Unemployment in Australia*. Institute of Applied Economic and Social Research. Uni of Melbourne.

²⁴ Walker, Alan. 1997. *Age and Employment*. An address to the 1997 World Congress of Gerontology "Aging Beyond 2000: One World One Future"

13. Retrenchment and Redundancy

- 13.1 Retrenchment and redundancy have become common over the last decade as both the private and public sectors reduced their workforces. Data on retrenchments is limited. In the decade between 1986 to 1997, there were approximately 3.3 million people retrenched; in the last three years of that period between June 1994 and June 1997, 685,400 people were retrenched²⁵, which represents approximately 7% of the workforce. Of these, the two groups most affected were the young (15 to 24) and the older age groups (55 plus), with most of the older people being retrenched from permanent, full time jobs. Men have been overly represented, in part because two of the industry sectors most affected - manufacturing and construction - are male dominated industries.
- 13.2 Discrimination in retrenchment and redundancy arrangements against older workers has been practiced, as is evidence by cases brought before the Human Rights Commission. These include people forced to accept redundancy because of age²⁶, people who were given less favourable retrenchment packages because of their age²⁷ and a person who had his union membership downgraded because he had reached the age of 65.²⁸
- 13.3 For older workers, retrenchment and redundancy may mean early retirement, a change - willingly or unwillingly - to part time employment, or entry into self employment. The latter option is often chosen by those who regard it as their only employment option, a primary motive that does not necessarily augur well for the likely success of the business so established.
- 13.4 At the broader community level, the loss of knowledge in some industries and sectors due to widespread retrenchments is significant enough to be an additional cost that now has to be borne in the new, streamlined operations. That is, the short term economic (and political) gains made by introducing efficiencies in the form of a streamlined workforce are somewhat offset by the increased cost of doing business due to loss of knowledge.²⁹

14. Conclusions

- 14.1 In summary, there is a significant, unrealised job demand in Australia, in the order of 1million plus jobs, that represents an enormous unused potential. This is demonstrated in the number of official and unofficial unemployed, the number of underemployed people and the growing number of people who, either via retrenchment or other means, unwillingly enter early retirement. Much of this job demand is in the 45 and over age group.

²⁵ ABS Cat 6266.0 Retrenchment and Redundancy, Australia. July 1997.

²⁶ Human Rights and Equal Opportunity Commission. Report of Inquiry into Complaints of Discrimination in Employment and Occupation. Report No. 1 August 1996.

²⁷ Human Rights and Equal Opportunity Commission. Report of Inquiry into Complaints of Discrimination in Employment and Occupation. Report No. 2 October 1997

²⁸ Human Rights and Equal Opportunity Commission. Report of Inquiry into Complaints of Discrimination in Employment and Occupation. Report No. 4 November 1997.

²⁹ An example of this is in the rural water industry. In many of the smaller towns, the people who knew the operational details of the system - the sewerage farm manager, the turncock etc - were retrenched during the amalgamations that produced the bigger, theoretically more efficient waterboards. The result is that many of the smaller towns have systems that are only partly known and understood by the current staff. Re-acquiring that knowledge will be costly, and take time.

15. Hume Labourforce

15.1 In 1998, Hume Council adopted a *Jobs for Hume* strategy to address employment and unemployment issues in the municipality. It identified the key features of Hume and its labour market.

"The City of Hume is one of Melbourne's faster growing municipalities and growth will continue well into the next century. Population growth brings with it the opportunities of employment growth and issues of labourforce growth..... Unemployment is high compared to the MSD and is estimated to be around 6,000 to 7,500 people in May 1997. The unemployed are dominated by younger people and those older workers who are structurally unemployed. [underlining added here] High proportions of NESB people are included in the ranks of the unemployed. Most unemployed have been employed during the last two years in the elementary and intermediate blue and grey collar occupations and in the manufacturing, retail and transport industries. Jobs in Hume are dominated by the manufacturing, transport and retail sectors, with relatively few jobs in the white collar sectors such as business and community services. Most jobs are focused along the Hume Highway and the Airport area. It is expected that the labourforce will grow by 20,000 between 1996 and 2011. Employment created from both the results of population growth and expected development will only partially provide these additional jobs."³⁰

15.2 As of March 1999³¹, the North West labourforce comprised 111,500 employed people, 15,600 unemployed people, an employment rate of 12.3% (7.7% for MSD) and a participation rate of 61.5% (64.1% for MSD).

15.3 In January 1999, Hume City Council surveyed all the Job network providers in Hume to get a clearer picture of what the issues were for the local unemployed.

15.4 Such a survey could not provide quantifiable data because unemployed people may register with up to five agencies, many agencies have both employed and unemployed people on their books and none of the agencies operate exclusively within the Hume City. However it provided a picture of the trends and issues in the local area, which included the following that are relevant here:

- Most agencies tended to have a high proportion of persons aged over 30, with one agency stating that over 60% of their clients are aged over 45.
- 'Difficult to place' cases included unskilled, older people, and people with unacceptable communication or literacy skills .
- 'Easy to place' cases included junior staff, people with good communication skills, good presentation and self confidence, and people with qualifications.

15.5 The survey illustrated that older age is one of the barriers to employment, particularly when accompanied by limited skills and poor communication skills. While nothing can be done about age, a lack of skills including poor communication skills can be addressed.

15.6 Currently, within Hume, the general trends that were identified in the *Jobs for Hume* strategy (based on August 1996 ABS Census) remain. In as much as any attention is given to unemployment, it is youth unemployment that receives media and government notice – likely due to the perceived immediate and longer term implications.

³⁰ Hume City Council. May 1998. *Jobs for Hume*. Hume Employment Development Strategy.

³¹ Department of Employment, Workplace Relations and Small Business. March 1999. *Labour Market Review*.

- 15.7 But the number of older workers who are unemployed, or feel insecure in their employment because of age is increasing. A subgroup is the non Australian born residents whose disproportionate number as a proportion of the total unemployed suggests that more of a focus on this group is required. This includes both the recent arrivals, and the longer term immigrants that have been previously employed and now find themselves, in later life, inadequately skilled because of changing circumstances.

16. Level of unemployment in 45+ age group

- 16.1 In 1996, the population of Hume was 116,030. Of that 21,197 or 18% were in the 45 to 65 age group. This is expected to increase both as a proportion of the total population, and in actual numbers due to municipal growth. By 2021, it is predicted that this number will have approximately doubled.³²
- 16.2 Unemployment in the older groups is generally in proportion to their representation in the total labour market, but hidden within it is disproportionately higher unemployment rates in the older age NESB residents. The following table highlights this.

Number of Unemployed Persons By Country of Birth and Period of Arrival, May 1997.

Period of Arrival	Total	%	Period of Arrival	Total	%	Period of Arrival	Total	%
NW Melbourne			Metropolitan Melbourne			Victoria		
Before 1961	5,700	31.1	Before 1961	5,700	4.0	Before 1961	7,300	4.0
1961 - 1975	1,600	9.0	1961 - 1975	14,700	11.0	1961 - 1975	16,100	8.0
1976 - 1990	3,200	18.0	1976 - 1990	25,900	19.0	1976 - 1990	28,100	13.0
1991 onwards	1,700	9.0	1991 onwards	12,700	9.0	1991 onwards	13,300	6.0
Total OS born	12,300	68.0	Total OS born	58,900	42.0	Total OS born	65,000	31.0
Born in Aust.	5,800	32.0	Born in Aust.	81,000	58.0	Born in Aust.	143,600	69.0
Total	18,100	100.0	Total	139,900	100.0	Total	208,400	100.0

Source: ABS, Labour Force Survey (unpublished data)

- 16.3 The percentage of residents who were overseas born is approximately 30%, but the percentage of unemployed residents who are overseas born is 68%. In particular, the large numbers of unemployed overseas born people who arrived in Australia during the 1960s - 1980s supports the view that older, established migrants are a significant proportion of the total unemployed in Hume. Strategies are clearly required for the current group of older, unemployed NESB residents, but if this is not to be a continuing trend, adequate resources for English language and vocational training must be provided now for the younger, more recent arrivals.

³² Department of Infrastructure. November. 1996. *Victoria in Future*. Victorian State Government.

17. Economic and social impacts of unemployment in the 45+ age group

17.1 Economic Impacts

- 17.1.1 The economic impact of unemployment in this age group can be described at both the national and personal level.
- 17.1.2 From a national perspective, unemployment at any age is undesirable and is both an underutilisation of the nation's human resources and a cost on the social welfare system.
- 17.1.3 Unemployment in the 45 plus age group, as has been demonstrated, often leads to early retirement. Although superannuation is now more common than before, as of November 1997³³, only 35% of those people aged 45 and over who intended to retire from full time work cited superannuation as their expected main source of income support in retirement. In addition, even for those who do intend to use superannuation as their main source of income, there are concerns currently being raised (Financial Review 12/5/1999) on the general arrangement of superannuation schemes as to whether the funds currently being accrued will actually be adequate when the time comes to use them. For most people, retirement income will still be, at least in part, based on some type of pension. At a national level, with a population that is living fifteen to twenty years after 'normal' retirement age, having a significant number of people retiring early is and will be very costly.
- 17.1.4 At the personal level, unemployment in this age group can be devastating economically. Although many people have discharged their mortgage by their middle forties, it is typically an expensive period for families with children in adolescence and young adulthood still living at home, and/or elderly parents to care for. Long periods of unemployment or underemployment at this stage of life can reduce or eliminate any accumulated savings that may have been planned for retirement.
- 17.1.5 One of the positive economic outcomes that unemployment and/or early retirement in this age group can provide is an increase in the number of people with both experience and skills who participate in the voluntary sector. This is a benefit to the community as a whole, but the price is paid at the individual level, which - when the unemployment or retirement is involuntary - is inequitable. The difference between the voluntary and involuntary participants in older age groups in the volunteer sector was recently described:
- 17.1.6 *"While many [unemployed older people] are doing some voluntary work, they made it clearthat they do not see volunteering as a solution to their problems. They can see how volunteering might become a 'bridge' back into the workforce, but generally they do not see it as addressing their main problem: the need to work to generate sufficient income for themselves and their families.*
- 17.1.7 *In this regard, they are very different from a second group of Australians over 45.... those people who are happy to work part-time - or who consider themselves out of the workforce - and for whom volunteering forms an important and positive part of their lives."*³⁴ Added to this is the relative lack of status and recognition that voluntary work is accorded, which makes it a poor substitute for many, particularly men, whose sense of worth is strongly linked to their employment.

³³ ABS Cat 6238.0 Retirement and Retirement Intentions, Australia, November 1997

³⁴ Kernot, Cheryl. 1998. Address to the Sydney Institute.

17.2 Social Impacts

- 17.2.1 The social impacts of unemployment can be many and varied. Although for some a period of unemployment is a period of reflection and a chance to take a new direction, for most it is a period of stress and uncertainty, which can manifest itself in a variety of ways including a lowering of self esteem, depression, family stress and breakdown, withdrawal from social networks and declining health.
- 17.2.2 According to Dorrance and Hughes, in discussing the impact of unemployment on older workers: "The psychological impact of dismissals on workers who had expected to keep their jobs until retirement is often devastating. Many are still responsible for their children's education and have become used to relatively high living standards. Men in this situation are hit particularly hard as they face up to a decline in their family standard of living. Their wives may become the principal family income earners. In some cases, however, such a situation may not be socially tolerable, so that wives too become unemployed. Illness and family break-up commonly follow. The private impact is thus considerable and so is the economic impact in terms of lost output and welfare costs. At a time when the population is ageing so that age dependency is rising, this is a trend that cannot be sustained without a fall in the standard of living for the community as a whole."³⁵
- 17.2.3 At the national level, unemployment has implications on the quality of community life. Entrenched unemployment entrenches what Dorrance and Hughes have called the divided nation - those in the labourforce, and therefore having access to the benefits of national prosperity, and those not in the labour force and being relegated to secondary status.
- 17.2.4 The personal social impacts of unemployment cited above - lowering of self esteem, depression, family stress and breakdown, withdrawal from social networks and declining health - are reflected on and impact on community life, including an increase in the use of support services such as the health system, a decrease in the personal contribution to community life, and several flow on effects to the dependents - both younger and older - of the older unemployed.

18. Impediments to finding employment and/or establishing a business

- 18.1 There are well documented trends that indicate which people are more likely to become unemployed, and which people are more likely to remain unemployed once they enter unemployment. These trends were described in detail in *Jobs for Hume*.
- Unskilled workers have higher unemployment rates than skilled workers.
 - People with post school education are less likely to be unemployed.
 - Long term unemployment, as a proportion of total unemployment, is growing. Many of the long-term unemployed are over 55 years of age.
 - Unemployment has been borne unequally across industry sectors - agriculture and manufacturing have experienced major declines, while the services sector has grown.
 - Self employment has risen, as has part-time and temporary employment.

³⁵ Dorrance, Graeme and Hughes, Helen. 1996. *Divided Nation: Employment and Unemployment in Australia*. Institute of Applied Economic and Social Research. Uni of Melbourne.

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- 18.1 For older people there are no intrinsic reasons why they should be disadvantaged in the labour market, but there are some historical factors that may be relevant.
- 18.2 For the 45+ age group, not completing secondary school (pre 1973) did not necessarily exclude a person from the labour market and, unlike for today's young people, it was a viable option. But those people who made that choice, and have not subsequently undertaken further, relevant education and training, now find themselves disadvantaged.
- 18.4 Similarly, many people entered that labour market in the 1945-1970 period in the manufacturing sector, in what would have been regarded as a secure, lifetime employment option. In the major down sizing of that sector, they have often been inadequately prepared - both in upgrading/changing of skills and socially - for alternate employment.
- 18.5 Women in the 45+ generation are more likely to have taken significant periods of time out of the workforce for family reasons, and can then find themselves inadequately skilled when they seek to re enter the workforce five or ten years later. Even if they are appropriately skilled, the perception often is that they are 'out of touch'. Skills required and gained in home duties, although significant, are rarely acknowledged.
- 18.6 This generation also has more entrenched gender perspectives of work, and can experience difficulty in moving from a 'male' job to a 'female' job, and visa versa. For example, it can be socially difficult for a retrenched, 50 year old male who is a former manufacturing worker employed full time, to consider a casual and/or part time job in the growing services sector.
- 18.7 In general, while there are no impediments to finding employment and/or establishing a business that are specific to older people, there may be some social and cultural barriers that are harder to overcome, and need to be addressed.

19. Recommendations

In summary, Hume City Council submits that:

- The issues and barriers that make the 45+ age group increasingly disadvantaged in the labourmarket be recognised, and existing policies, programs and strategies be reviewed and amended, and new policies, programs and strategies be developed to actively address them.
- Non Australian born, older migrants be acknowledged as a more disadvantaged sub group within this older age group, and policies, programs and strategies be developed that are targeted to them.
- An awareness campaign be undertaken to raise the issues within the wider community, with particular emphasis on employers, and to promote the benefits of older workers. (The Victorian Government's multicultural employees campaign would be potentially a good model.)