

# Association of Independent Retirees, Inc.

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## **INQUIRY INTO ISSUES SPECIFIC TO WORKERS OVER 45 YEARS OF AGE SEEKING EMPLOYMENT, OR ESTABLISHING A BUSINESS, FOLLOWING UNEMPLOYMENT**

The Association of Independent Retirees Inc. Sub-committee convened to address the above matter presents the attached submission with the view to encouraging the Standing Committee to include in its deliberations, and possible recommendations, the aggregation of research data that comes before it together with other research elements suggested therein.

Any such policies that will increase the proportion of the number of persons of ages 45 to 64 years in the work force, which in turn will help those persons to be better prepared for their retirement, by extension of their time in employment, or other income producing activities, will serve well the objectives of AIR.

Particularly the prime objective of remaining financially independent for as long as possible in their retirement, thereby causing the minimum dependence on the revenues administered by Governments.

AIR would be pleased to provide representation at any hearings that may be conducted.

Yours sincerely,

Maureen Kingston OAM  
National President

**INQUIRY INTO ISSUES SPECIFIC TO WORKERS OVER 45  
YEARS OF AGE SEEKING EMPLOYMENT, OR ESTABLISHING  
A BUSINESS, FOLLOWING UNEMPLOYMENT**

**SUBMISSION FROM**

**ASSOCIATION OF INDEPENDENT RETIREES INC.**

**By Sub-Committee**

**Mr Robert D. Arnold DSM**

**Mr Graeme HAUSSMANN C.P. Eng. F.I.E Aust.**

**Mr Cliff Iles AM**

**Mr Ronald M. Paddison FAIM (retired)**

# **INQUIRY INTO ISSUES SPECIFIC TO WORKERS OVER 45 YEARS OF AGE SEEKING EMPLOYMENT, OR ESTABLISHING A BUSINESS FOLLOWING UNEMPLOYMENT.**

## **INTRODUCTION**

The issues affecting unemployed workers over 45 years of age in seeking employment or the establishment of a business, would on first glance seem to be of mainly social considerations. These considerations are of prime importance to the large number of those between the ages of 45 and 65, as they encompass the twin evils of apparent failure in life being unable to re-enter the workforce, and the lack of confidence in themselves together with the shame of a loss of status when compared to their previous economic position.

However, the above considerations do not take into account the circumstances of lost skills, diminished productive capacity, training and development skills within the workforce, through the loss of experienced workers. All of these considerations are of the utmost importance in maintaining and growing our so called "smart Australian workforce".

## **EXECUTIVE SUMMARY**

The sub-committee appointed by the National Executive of the Association Of Independent Retirees Inc. to address the issues contained in the invitation to submit a submission of March 22nd. 1999, supports the thrust of the broad assessment contained in the personal submission made by Vice President Bruce Duncan of the Queensland Division of AIR. Additional comments are offered as possible remedial actions for the Standing Committee's consideration.

## **TECHNOLOGICAL CHANGE and GLOBAL ECONOMIC FACTORS IMPACT**

It is recognised that the application of technological changes, and the wide range of rapid change in the pattern of Global Economics in recent years, has acted adversely on some age categories of the Australian Workforce in all sectors of Australian Industries.

These combined factors have changed the overall workplace environment and produced a culture of attitude that perhaps can be best described as a trend for employers to engage persons of younger years, particularly when higher technological skills are a requirement, in preference to older potential employees who place more reliance on their practical experiences.

Trends are evident in local Government jurisdictions, linked with National Competition Policy, together with deregulation of professions may lead to the take up of higher numbers of younger persons entering professional disciplines; to supplant discardment of employees of above 45 years of age.

Unfortunately, deregulation of professions will also in all probability lower academic standards of some professions, which would react unfavourably against the need for Australia to move towards a higher level of excellence that would help grow our workforce numbers. .

## THE SIZE OF THE PROBLEM

The size of the problem has not to our knowledge, been quantified in exact terms of the middle range unemployment, so the following figures are presented as an extrapolation of official age demographics.

Australian Population as at December 1996 ( 45 -- 65 age group )

Women	1,901,542	representing 10.39% of population
Men	1,945,626	representing 10.62% of population
Total	3,847,168	persons representing 21.01% of population

ABS Australian Demographic Statistics 3101.0 December 1996

Although not updated to 1999, this is a significant proportion of our population and does represent a high proportion of those already in the workforce or seeking to re-enter the workforce, if a median unemployment figure of 8.4% was used to calculate a conservative number in the 45 - 65 age group the following estimates would indicate the possible minimum number of unemployed in that group. Based on the assumptions of say.

Women	42% available for work	798,648, x 8.4 =	67,086
Men	92% available for work	1,789,976 x 8.4 =	150.358

Total 217,444 persons

## INCOME PRODUCING OPPORTUNITIES

With the competitiveness of the current job market an older potential employee is faced with the alternatives of

- a. Retraining in other skills      An exercise that will invariably require a dependency on others for knowledge or resources; and in general beyond the individual's financial capacity.
- b. Seek to engage in a              The prospect of establishing a Business Enterprise is Business Activity limited to those who have the foresight/courage and circumstantial opportunities and will only result in a relatively small number of over 45 year old unemployed converting to self employed.
- c. Dependent on Government      For the greatest reduction in the number of persons and Community Support unemployed or not producing an income for themselves in the sector of over 45 years and below age pension age it logically follows that Government intervention is warranted and is of paramount importance.

## **HISTORICAL PRECEDENT**

During wartime constructive programmes were put in place such as the Allied Works Council building of Transport Links, Flood Mitigation Projects and the like, and following world war two the Snowy Mountains Scheme (a great migrant intake absorption process). These projects were instrumental in the employment of large numbers of persons. If the plight of the large number of persons over 45 years seeking employment is categorised as akin to a National crisis; then Government intervention is warranted in the provision of development of infrastructure for the built environment and its underground servicing that could improve the Nation's competitiveness.

Hence, a case for the Government to fund projects to achieve justifiable outcomes can be supported. Each full time job will cost the taxpayer at least \$50,000 less tax back say \$40,000 per job position. From the foregoing assessment of the number of persons requiring work, then the size of the payroll required would be in the order of \$8.7 billion, with a ratio of say one Government job to each two private enterprise jobs, funding of around \$3 billion from Government sources would be required.

## **PRIVATE ENTERPRISE INCENTIVES**

The Standing Committee is urged to give consideration of the development of policies that would provide stimulus for private enterprise to mobilize capital for the development of infrastructure projects. Where the opportunity to employ persons with practical skills in greater number is more likely to apply and opportunities for retraining could well be more realistic for over 45 year old unemployed, private enterprise involvement could be encouraged by taxation incentives.

Similarly the application of current and other developed incentives to encourage persons with the necessary skills and resources to enter into self employment business enterprises should be established. Such Government initiated policies as deferred taxation for a predetermined establishment period and in some selected industries low cost finance of last resource; would provide useful assistance during an establishment phase.

## **EVALUATION ANALYSIS**

Solutions to most problems can often be best found by ascertaining their beginnings and where possible elimination of root causes, the pattern of change in Australian industries obviously can not be arrested so simply. It is noted that higher numbers of persons are continuing to migrate to unemployment as confirmed by the recent ABS March 1999 labour force figures.

The standing committee is urged to evaluate the problem of unemployment of over age 45 years by giving consideration to the analysis of:

- The effects of Government downsizing at Federal and State levels and the related concepts of redundancy and its long term effects.
- The professions and trades most affected, their relative member numbers as proportions of the unemployed and therefore potential workforce numbers.
- The practicalities of cross employment in other occupations where there are compatible skills.

- An assessment of the professions and trades where there are shortfalls in qualified people.
- A determination of the education and other training facilities needed to cater for unemployed older people so that they can be skilled to re enter the workforce.
- Examination of national demographics and the effect the ageing population has on the ability of Governments to support this growing group, and the analysis of the positive results which would accrue from the inclusion in the workforce of the unemployed 45 to 64 year age persons.

If the greater community needs are established and a determination of the skills required, the balance of the development and construction costs in meeting those needs can be measured against the social and fiscal costs of not proceeding. The failure to recognise that should 45 to 64 year old people who are long term unemployed at a time in life when stability leading to independence or limited dependence in retirement is important, is an unhealthy, undesirable and nationally a most uneconomical situation.

In the event that any of the above dot points suggestions are not presented to the inquiry, then it is urged, that a recommendation for the commissioning of such research be made: in the quest of finding satisfactory solutions.

#### **SUB-COMMITTEE BACKGROUND & CONTACT DETAIL**

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