



VICTORIA

Minister for Post Compulsory Education, Training and Employment

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Ms Maureen Chan
Inquiry Secretary
Standing Committee on Employment,
Education and Workplace Relations
Parliament House
Canberra ACT 2600

Dear Ms Chan

Re: Inquiry into issues specific to workers over 45 years of age seeking employment, or establishing a business, following unemployment.

Further to recent discussions with the Employment Division, I am pleased to submit a revised submission to the above Inquiry.

As you are aware, the previous document submitted to your inquiry was by the former Department of State Development. The newly elected Bracks Government has targeted employment as one of its priority issues for action. New initiatives are being developed to assist those most affected by unemployment, particularly the young and the mature aged. This revised submission reflects these major policy directions.

Yours sincerely

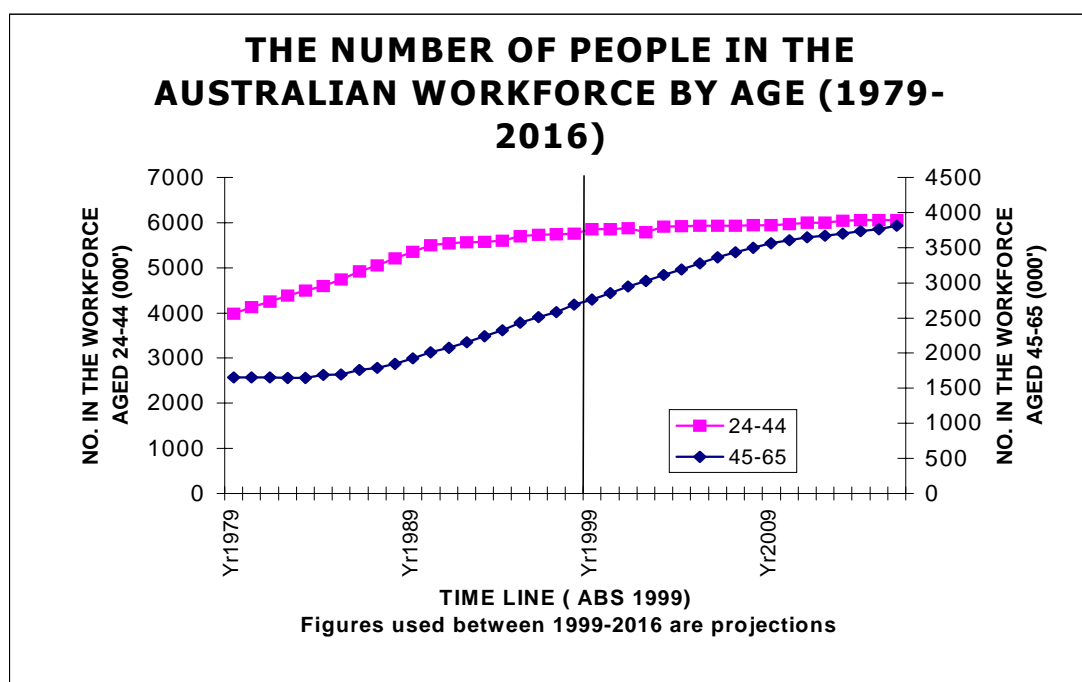
LYNNE KOSKY MP

Minister for Post Compulsory Education, Training and Employment

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

MATURE AGED WORKFORCE IN VICTORIA

The mature aged workforce is the fastest growing sector of the Victorian labour force. There are 728,222 mature aged participants in the Victorian labour force, accounting for 30.7% of the total labour force (ABS Labour Force Survey, October 1999). By the year 2015, it is anticipated that over 34% of the workforce will be over the age of 50 years (Inquiry into Planning for Positive Ageing, December 1997).



Participation in the workforce, resulting in a capacity to experience a financially secure retirement, is integral to the ability to age positively. Good health is also associated with a healthy working environment and meaningful employment which provides both an income and a sense of identity and purpose (Inquiry into Planning for Positive Ageing, December 1997). However, research shows that as people age, they become increasingly disadvantaged in the labour market.

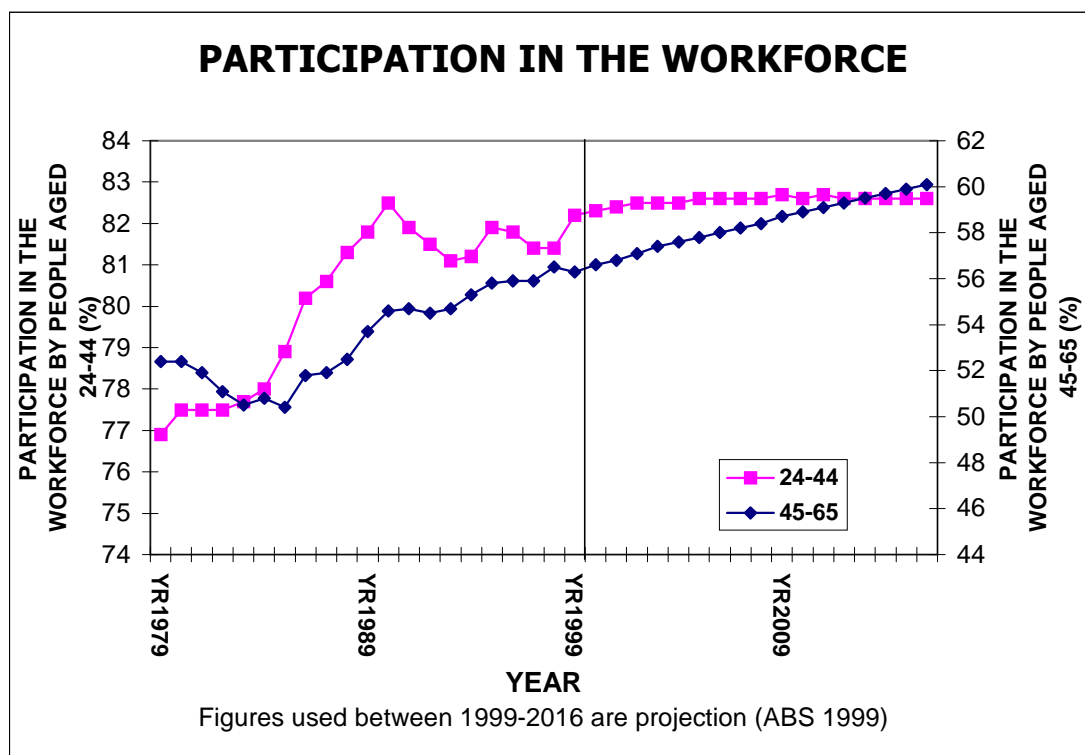
People over 45 years have been disproportionately affected by trends such as a shrinking full time labour market as a result of economic downturn; restructuring in major industries; introduction of new technologies; and jobs growth mainly occurring in the areas of part-time, casual and temporary work. Compounding the problem is the continued trend to early retirement and displacement caused by discrimination in recruitment, training and promotion and retrenchment.

Mature aged jobseekers are more likely to be long-term unemployed than other jobseekers. As the duration of unemployment increases, these jobseekers are more likely to become discouraged and many drop out of the labour force altogether. Consequently, the unemployment problem experienced by this age group is often under-stated in research and statistics.

ABS monthly labour force data shows:

- The unemployment rate for mature aged persons in Victoria is 4.9%, representing a total of 35,656 unemployed persons (ABS Labour Force Survey, October 1999).
- Whilst the official unemployment rate for older persons throughout Australia may appear lower, there is a high incidence of non-participation in the labour market among the older age groups. In Victoria, people aged over 45 years experience a participation rate of 44.2%. In comparison, the participation rate is 81.6% for 25-44 year olds and 81.4% for 20-24 year olds, whilst the average participation rate in Victoria is 63%. (ABS Labour Force Survey, October 1999).

As the population ages, there will be pressure on mature aged workers to stay in the labour force longer and, therefore, it is anticipated that participation rates amongst older workers will increase over time (refer chart).



ISSUES FACING THE MIDDLE AGED WORKFORCE

A number of studies have been conducted in Victoria to explore the experiences of mature aged workers and jobseekers, including:

- An Inquiry into Planning for Positive Ageing, conducted by the Victorian Government in 1997;
- A study of the perceptions of employment of older workers in the western region of Melbourne conducted by the Victoria University of Technology in 1996, funded by the Department of State Development through the Targeted Innovation Program; and
- A study into the unique disadvantage faced by mature aged job seekers, conducted by Jobs East, the Department of Employment, Workplace Relations and Small Business Area Consultative Committee responsible for regional employment development in Melbourne's eastern suburbs in 1998.

All three studies revealed similar findings in relation to unemployment; job search experiences; barriers to employment; and individuals' attitudes and feelings. Some of the key findings were:

- Age is a major barrier to employment, together with a reduction in positions in previous fields of employment. Those who choose to remain in the workforce may respond by applying for lower status positions, resulting in the additional employment barrier of being considered overqualified.
- Middle aged workers often suffer discrimination in recruitment, training and promotion and retrenchment.
- There are many negative perceptions about mature aged workers, including that they: have poorer health and deteriorating physical and mental abilities; are not receptive to new technology; are more resistant to organisational change; lack the appropriate skills and are difficult to retrain; and lack the drive, ambition, energy and creativity of younger workers.
- Although older workers are recognised to have the advantages of greater experience and maturity, a more developed work ethic and higher job commitment, greater reliability and loyalty, and lower rates of turnover and absenteeism, these positive attributes are often outweighed by the perceived disadvantages.
- There appears to be a substantial problem of mature aged hidden unemployment, with many middle aged workers being under-employed or dropping out from the labour force altogether.
- Some employers may find that mature aged workers are reluctant to participate in training, possibly due to: lack of confidence in their ability or performance during training; a belief they have a diminished opportunity for advancement; fear of competing against younger workers; lack of encouragement by supervisors; and training policies and practices which restrict participation.

- Many jobseekers are not eligible to receive financial assistance due to spousal income, their own part time or casual income, or savings and asset levels. This suggests a greater unemployment problem than is reported for the mature aged workforce.
- Women who have been dependent on their spouse are particularly vulnerable to financial devastation in later life if their support base is lost. Women also face special difficulties when attempting to re-enter the workforce.
- Many jobseekers report the need to draw upon existing assets and savings following a job loss, sometimes even necessitating the sale of their home.
- The impact of the unemployment becomes greater as its duration increases. Many long term unemployed report a deterioration in health because a reduction in income results in reduced capacity to access health care. Family and social relationships are often strained by feelings of depression and social withdrawal.
- Whilst many jobseekers believe government and private agencies help jobseekers by providing motivation, personal development, assistance with resumes and interview techniques, many others feel demeaned whilst using these services and believe that government employment services are inefficient and ineffective. Many mature aged jobseekers also find that government and community based providers do not cater for higher status occupations.
- Job search activities decrease as duration of unemployment increases and services and programs do not meet expectations.

Low participation rates may reflect the belief of older workers that they may be too old to be competitive in the dynamic labour market of the 1990s (ABS, "A Risk Index Approach to Unemployment", February 1999).

The labour market skills accumulated by many mature aged people early in their work career, through formal education or on-the-job, may simply not be relevant in the current labour market (ABS, "A Risk Index Approach to Unemployment", February 1999). However, research shows that older workers are one of the groups least likely to have access to training and development activities, possibly because older workers are perceived to be less trainable and less receptive to change or because employers assume they have a shorter working life and, therefore, will have less time to capitalise on the skills gained through training (O'Brien 1998).

Many mature aged people have received a retirement or redundancy package which allows them the opportunity to consider a new business or consultancy, while others with extensive experience as an employee wish to explore self-employment options. Therefore, they are a prime group who could benefit from the support of incubator proposals.

VICTORIAN GOVERNMENT ACTION

The newly elected Bracks Government is strongly committed to addressing issues relating to the middle aged workforce, increasing the skills of mature aged workers and jobseekers and providing training and employment placement assistance to disadvantaged jobseekers. In recognition of the many difficulties faced by the middle aged workforce, Labor's policies regarding mature aged labour market participants include:

- prevention of long term unemployment and social exclusion by ensuring that people who are experiencing additional disadvantage have access to employment and training opportunities irrespective of where they live;
- reforming the existing Community Business Employment (CBE) Program to better target long term unemployed older displaced workers and assist the unemployed to find jobs, meaningful work experience or relevant training leading to employment;
- development of new funded partnerships with local government and community organisations willing to provide employment opportunities for 1,500 long term unemployed adults each year, including mature aged, by offering a subsidy of \$1,250 per place;
- recognition that many older people wish to remain in paid employment but often face barriers to their continued participation. The Government will promote employment opportunities for older workers (focussing on countering the widespread stereotyping of older workers) and will work to overcome discrimination in the workplace experienced by many older workers;
- whilst not targeting mature age people specifically, adult training related initiatives include a commitment of a maximum of \$400,000 a year for the 'Learning Towns Network' and provision of funds to Neighbourhood Houses. Both of these initiatives recognise the important role that the Adult and Community Education sector plays in providing education and training and the need for a more coordinated approach to the provision of adult and further education. In particular, regional and rural centres need a new approach that maximises the delivery of education and training services in a way that responds to local needs.

Labor's Learning Towns program will provide five rural and regional centres with funding to employ a coordinator to:

- foster collaborative learning partnerships between ACE providers, educational institutions, industry, local government and communities, and
- integrate economic, social and educational development.

The funding provided to Neighbourhood Houses would be used to collect statistics or carry out needs analysis that would allow them to respond more appropriately to community needs.

The Government, has endorsed the continuation of the CBE Program. The CBE network will be the major vehicle for delivery of programs targeting mature aged workers and jobseekers and is discussed below.

Community Business Employment Program

The CBE Program is a network of approximately fifty community and private providers throughout Victoria, contracted by the Victorian Government to deliver job placement services to those seeking work, whilst also meeting the human resource needs of employers and industry.

The CBE 2000 Program has been re-aligned to meet Government priorities and will introduce:

- long term unemployed people as a target group; and
- referral services to training and practical placement for long term unemployed jobseekers.

Since its inception in 1994, the CBE program has placed over 65,000 disadvantaged Victorian jobseekers into employment, with a 13 week employment retention rate of around 85%. Over 12,500 of these placements have been successfully filled by mature aged people 45 years and above. As at end December 1999, more than 10,000 people have been successfully placed.

In 1999, the CBE program has contracted 54 community and private organisations with over 100 sites across Victoria to provide employment placement services to 10,000 disadvantaged Victorian jobseekers, specifically youth (15-24 years); mature aged (45+ years); and people from multicultural backgrounds.

Currently, the CBE program assists shorter term disadvantaged jobseekers who are unemployed between 0 and 12 months, and who are not in receipt of Commonwealth Government funded Job Search Training (Flex 2) or Intensive Assistance (Flex 3) through the Job Network. Given its target group of disadvantaged short term unemployed, the CBE program has to date acted as a preventative strategy, by supporting those jobseekers in their earlier stages of unemployment.

With the introduction of the Job Network in May 1998, the CBE Program has been regularly refocussed to ensure that it continues to provide an appropriate and complementary service to disadvantaged jobseekers who are not significantly assisted by the Commonwealth.

The Job Network provides three levels of service to jobseekers, depending upon the jobseeker's level of disadvantage. In general terms, jobseekers unemployed 0 – 6 months are referred to Job Matching services (Flex 1), those unemployed 6 – 12 months are referred to Job Search Training services (Flex 2) and people unemployed longer than 12 months are referred to Intensive Assistance (Flex 3), with greater resources offered for providers of Flex 2 and Flex 3 services. The Job Network is therefore strongly focussed towards assisting the longer term unemployed, and/or those in danger of becoming long term unemployed.

Given the Government's commitment to "*boosting jobs growth and cutting unemployment*" especially in "*assist(ing) long-term unemployed young people, older displaced workers and people from non-English speaking backgrounds*" (Employment and Skills: Labor's plan to skill Victoria, 1999), the CBE Program is well positioned to be developed as one of Government's key strategies in addressing the issues of unemployment across the State.

Funded Partnerships

The Government has announced the development of new funded partnerships with local government and community organisations willing to provide (annually) employment opportunities for 1,500 long term unemployed adults, including mature aged, by offering a subsidy of \$1,250 per place. This program is currently in its developmental stage for implementation in April 2000.