



“A Right to Work”

A submission to the House of Representatives Standing Committee on Employment, Education, and Workplace Relations

On

The Government's decision to hold an inquiry into issues affecting workers aged 45 years and over who are seeking employment or attempting to establish a business following a period of unemployment is commendable.

It is commendable because policy makers and legislators have by and large overlooked the issues affecting this group of people.

As pointed out by the Committee Chair in correspondence to me regarding this inquiry, those aged 45 years and over ... "are not well represented by lobby groups and there is no relevant peak organisation".

In short, over 45's seeking employment are at the margins of the policy making process. This inquiry presents an opportunity to correct this situation. It is particularly timely considering that the ageing of our workforce will force employers to look more seriously at workers over 45 as 'traditional' sources of labour supply diminish. Australian Bureau of Statistics figures show that people aged between 15 and 24 will represent a

shrinking proportion of the labour force between 1993 and 2011, falling from 22% to 18%. The 25 to 35 age group will drop from 26% to 22%. The 45 to 54 age group, however, will represent 34% of the labour force by 2011, an increase of 12% on 1993 figures. The age group 55 to

ment and offers some possible policy responses.

To properly examine the issues affecting workers aged 45 and over seeking employment it is first important to acknowledge that their present predicament is the consequence of far reaching global and domestic social and economic forces. These include;

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64 will grow from 7.5% to 10.8%. (Ferguson, 1995: 74).

This submission outlines some of the major issues confronting persons aged over 45 who are seeking employ-

Changes in the Nature of Work

Our conceptions of work and employment are undergoing dramatic transformation. The rise in the number of part time and casual jobs, changes in the type of jobs available and the opening up of employment opportunities for Women has altered the employment landscape significantly in a relatively short period of time. People in employment are working longer hours. The number of dual income families is increasing. The concept of a job for life has all but disappeared.

New Technology

The relentless march of technology has resulted in an almost inestimable number of job losses throughout the world. The rapid growth of technology is affecting the type of work we do, how we do it and from where we do it. Its demands are challenging our expectations of education and training. In the process we have large numbers of people unable to adapt to the pace of change, people who find their skills to be obsolete almost overnight.

Global Political and Economic Trends

The increasing free flow of capital around the world and agreements to entrench and extend same, the dismantling of domestic trade barriers and an overriding belief in the virtues of economic rationalism (how rational is it to discard the accumulated skills of thousands of people over 45) has permitted high unemployment to cement itself as a permanent feature of almost all advanced western democracies.

Current Statistical Trends in Australia & Tasmania

Problematic that unemployment is for all age groups, it is increasingly evident that long term unemployment is becoming a feature of the 45+ age group.

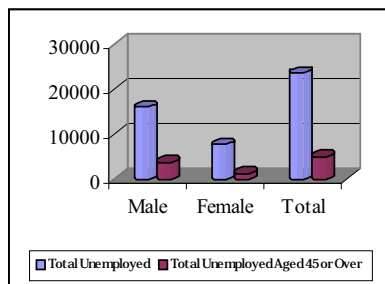
In a recent article for the Australian newspaper, Ian Henderson examines a recent Australian Bureau of Statistics report which details some alarming figures. The report studied national patterns of employment and unemployment over the three year period, 1994 – 1997. It concluded that of the 167,600 job seekers in May 1995 who were 45 to 59 years of age, the proportion who had failed to find work 28 months later was 44%, compared to under 13% for teenagers and under 18% for 20 to 24 year olds. (12 November 1998)

This statistics mirror the situation in my own State of Tasmania. Pres-

ently in Tasmania over 45's comprise of 4933 persons or 20% of the total unemployed as at February 1999, (see figure 1)

Figure 1

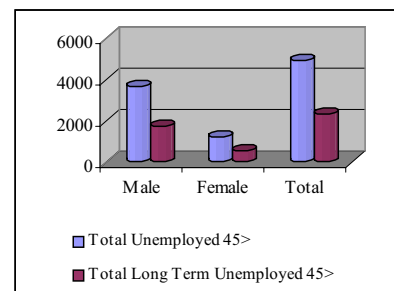
Of this number, 2357 people or an alarming 47% are long term



unemployed. (see figure 2)

Figure 2

Source: ABS Labour Force Survey, Feb 1999



It is statistics as these that have led to the Brotherhood of St Laurence to state recently that,

“Older workers are a highly vulnerable group in an economic downturn, as businesses often choose to retrench their older staff members first, and these workers frequently find it difficult to regain employment. People over 45 who become unemployed are likely to experience substantially longer periods of unemployment than people under 45, and the problem is particularly severe for people over 55”. (Unemployment Update: Feb 1997, www.vicnet.net.au/~bstl/ueupdtte.htm)

Even in times of relative economic prosperity however

people aged 45+ are likely to account for a growing number of long term unemployed. Structural weaknesses in the Australian economy and the unpredictability of the business cycle are two important but by no means only reasons affecting reduced demand for labour. For those living in rural and remote areas the problem is worse. Sluggish or even contracting regional economies provide few opportunities for the older worker who must also endure the added complication of limited access to support services.

Government Intervention – A Time for Policy or Polemic?

The emergence of the over 45 age group plight is not something that has crept up on us. As long ago as 1984 Allan Stretton and Lynne Williams were warning of that ‘younger’ older workers required assistance to regain employment. Unfortunately, they concluded that it was not clear what the best form of assistance would be. (1985: 21).

This uncertainty is reflected in Government policy throughout the last 20 years. Government initiated strategies addressing problems faced by over 45's can best be described as contradictory and ad hoc. They have over the years ranged from labour market programs with generous wage subsidies, employment entry payments, reduced activity testing, specific payments such as the Mature Age Allowance and schemes to help people become self employed such as the New Enterprise Incentive Scheme. Even a cursory examination of the effects of some of these strategies reveals a lack of policy clarity. On one hand government has been encouraging workers to provide for their own retirement through compulsory superannuation yet on the other it offers ‘early exit’ payments such as the Mature Age Allowance to workers aged 60 but below age pension age. The wa-

ters are muddled further by legislation which compels workers aged 55 and over to use a proportion of their superannuation before being eligible for any form of income support.

This leads to the inescapable conclusion that there is little in the way of a coherent or integrated policy framework for addressing issues faced by over 45's seeking employment. John McCormack, (1996) notes of these irregularities that;

"..when one considers the overall impact of the interactive retirement income policy and employment policy, which are aimed at the same group of people, there appears to be a strong element of policy confusion or inconsistency which needs a more integrated explanation if positive results are sought for both Government and workers". (1996: 23)

Employability – Developing a Framework for Analysis

A J Hillage and D Pollard, (1998), from the Institute of Employment Studies in the UK provide a useful conceptual model for assessing 'employability', one that could provide a useful foundation for developing future policy with respect to the needs of over 45's.

This concept of 'employability' is one currently in use by the United Kingdom's Department for Education and Employment (DfEE). It is defined thus;

"..employability is about being capable of getting and keeping fulfilling work. More comprehensively, employability is the capability to move self sufficiently within the labour market to realise potential through sustainable employment. For the individual, employability depends on the knowledge, skills and attitudes they possess, the way those use those assets and present them to employers and the context (eg personal circumstances and la-

Case Study

"I've worked most of (my) life, self employed, worked hard, earn' t (sic) good money, payed (sic) my taxes. Now I'm 51 Years of age (I) can't find a job as with many others. (constituent letter 4/8/98)

and

"It is bad enough to be told that as you are over the age over 50 years that you are disadvantaged. Is it true that after paying taxes for more than 38 years when you reach 50 the scrap heap is the next step?" (constituent letter dated 8 May 1997)

bour market environment) within which they seek work". (1998)

The authors identify four components of employability.

- ⇒ **assets:** knowledge, skills and attitudes and their sub categories
- ⇒ **deployment:** a linked set of abilities which comprise of career management skills, job search skills
- ⇒ **presentation:** including resumes, qualifications
- ⇒ **context:** regarding personal circumstances and external factors such as government policy.

In terms of its application to public policy, Hillage and Pollard maintain that their model provides a basis for analysing the policies affecting the employability of certain age groups and

conversely how major policy initiatives impact on employability. Certainly in terms of trying to identify the big issues for over 45's seeking employment, and for developing appropriate policy responses, this model appears to have merit. Further investigation by the government concerning use of the employability model will address the first and arguably biggest issue affecting over 45's, namely the absence of a comprehensive and coordinated strategy to assist people in this age group back into employment or business.

Attitudes

Two of the most often cited problems encountered by over 45's as they endeavour to re-enter the labour market are employer attitudes and education and training issues.

Recent research in the United States by Donna Wagner from Towson University shows that

while employers value older workers as reliable, competent and healthy they have concerns about their skill levels. The survey found that 97% of respondents considered older workers as thorough and reliable in completion of their work, had low turn over rates (88%), were not rigid and were open to change (85%). Ninety four percent said older workers do not miss time from work because of health problems.

The barriers nominated by employers to recruiting older workers were, 'difficulties in finding them' (61%) and concerns about training older workers (43%). The study concludes that employers need to be educated about the importance of older workers. (1998: 21-22).

Here in Australia, a study undertaken by Steinberg, Donald, Najman and Skerman also identified very positive employer attitudes to older workers on selected criteria but concluded that when forced to choose an age group for a range of qualities considered important in the workplace, workers aged 25-39 were preferred in over half the items. Forty to fifty five year olds were chosen for only one third of nominated qualities. The authors surmised;

"There was minimal interest in recruiting anyone over 45 years of age for any job (except 13% for managers) and no preference for anyone 56 years or older" (1997: 157)

Based on these findings it is clear that age discrimination founded upon the real or imagined concerns of employers is inhibiting the ability of over 45's to successfully seek employment.

Women

The problem is worse for Women. Sol Encel and Helen Studencki have collected case studies about the job search experiences of older women which parallel the experiences of some of my own constituents, (see the

Case Study

"I don't think anyone even wants to acknowledge people over 50 exist when it comes to paid work"

and

"Some employers attitudes to older people is really ludicrous – a doctor I know said he wouldn't employ a woman over 45 who had not had a hysterectomy – that is gross – not every Woman needs one!"

Extracts from a constituent letter dated 22.2.99

case study above). The authors noted the paucity of research into this area before concluding that;

"..age stereotyping, rather than the actual abilities of the person concerned, is responsible for the difficulties faced by many mature workers. Employers still need to be convinced that age adds value (1997: 5)

Indigenous Australians and Migrants

Mature indigenous Australians and migrant workers may also carry the burden of racial and ethnic stereotyping when seeking employment. The Australian Centre for Industrial Relations Research and Training (ACIRRT) released a report in 1997 which found that inadequate policy prescriptions over the last 15 years are to blame for unprecedented levels of long term unemployment among older migrant workers. In their summing up one of the authors of the report note

that;

"It's those people with blue collar backgrounds, particularly if they're over forty five, who seem to have the worst deal. With manufacturing jobs in serious decline, the prospects for factory workers finding jobs again are bleak. All these new jobs in the service sector require good English fluency, but if you've worked in a factory all your life your chances to learn good English skills have been quite limited". (1997)

Importantly, the authors also warn against the prevailing economic orthodoxy which treats long term unemployment as a simple 'supply-side' phenomena, thereby again echoing the need for an integrated framework of

Can Legislation Change Attitudes Towards Older Workers?

In some countries and indeed in

“...while it may cost employers more to train older workers, these extra outlays may be mitigated by lower staff turnover”.

analysis. They state:

“...life histories reveal that job seeker behaviour is mediated by social and economic contexts in which choices are constrained. In this respect, life histories are a sophisticated tool for understanding labour market behaviour. Furthermore, it fills the explanatory gap left by statistical analysis by revealing the underlying causal processes in the patterns found in the data”. (1997)

Training Issues and the Mature Worker

One of the underlying assumptions driving negative employer attitudes towards mature aged workers, is the belief that they cost more to train and that the productivity return on the employers investment is not sufficient to justify the expense.

It is an issue examined in some depth by L.A Bennington and P Tharenou (1997). They suggest that ‘Human Capital Theory’ upon which this perception rests, fails to predict how long a worker will remain with an employer and ignores evidence that older workers will remain with the one employer for longer, due to either loyalty, or restricted opportunities elsewhere. They conclude that while it may cost employers more to train older workers these extra outlays may be mitigated by lower staff turnover. (pp: 474)

Changing Employer Attitudes

Several states in Australia appear to have recognised the needs of over 45's seeking employment through the provision of specialised programs.

The first such program was launched in NSW in 1995 (the Mature Worker Program) with a key aim being to foster positive attitudes to mature aged workers. However, no formal evaluation of the program has been undertaken to evaluate its effectiveness.

Similar programs have been replicated in South Australia (the DOME project) and Victoria.

Overseas, employers have taken a measure of personal responsibility on the issue. The Employers Age Forum has been established by a number of high profile UK employers including the Bank of England, Marks and Spencer, Manpower and others, for the purpose of promoting the benefits of a mixed age workforce. The forum is intended as a ‘one stop shop’ for members to share ideas for retraining older workers and preventing age based discrimination in their work practices. Its Chief Executive is quoted as saying;

“A balanced workforce makes good sense from the point of view of both customer satisfaction and employee satisfaction. Older workers can enhance competitive edge and improve productivity. To discriminate against them is to be counter-productive; you lose out on higher commitment, more experience, greater maturity and greater acceptability with customers”. (www.flexibility.co.uk/efage.htm)

What the catalyst was for this munificence one can only speculate, but the concept does lend itself to easy replication, if there is the will from Australian employers.

Education Vs Legislation

Overseas research questions the capacity of education programs to influence and or modify employer attitudes to mature workers. Philip Taylor and Alan Walker (1995) assert that despite a number of government sponsored educational initiatives, there is no firm evidence that education programs improve the prospects of older workers. In itself this finding is not an argument against education but rather a warning that if they are to work, they require a high degree of penetration. (pp: 58)

Age discrimination legislation in Australia is contained within both state and federal discrimination and industrial relations statutes. All Australian states and territories, with the exception of Tasmania, I regret to say, have legislated to prohibit except on certain grounds, discrimination in the areas of employment and pre-employment, including recruitment. Federal law however, is not as comprehensive, having had a much more potted history. The Human Rights and Equal Opportunity Commission Act (1986) does not make age discrimination unlawful but empowers the Commissioner to investigate complaints regarding possible instances of discrimination and to conciliate the matter. The federal Workplace Relations Act (1996) prohibits age discrimination but only in cases of termination of employment and only in regard to federal awards.

Based on present statistics the effectiveness of legislative efforts to combat age discrimination in



Case Study

Mr and Mrs K approached the Derwent Valley Business Enterprise Centre having been retrenched from the Tasmanian Library. They had considerable skills in the micro filming process but lacked the business acumen. Assisted by BEC staff, they successfully completed a NEIS program. Shared workspace was made available and with the mentoring assistance of BEC Staff the business grew. An office was opened on the mainland and after three years sold for a profit.



pro-

Staff and management of Business Enterprise Centre's are at the frontline of assisting mature workers. The Derwent Valley BEC is one of several in Lyons.

vided with a Newstart Allowance



Dick Adams discusses some of the objectives of the Women in Self Employment program funded by Tasmania's OSW.

Australia appears questionable, at least as far as the mature aged worker seeking employment is concerned. Most benefit accrues to mature aged workers already in employment. However, to the extent that age discrimination legislation prevents additions to mature age unemployment it must be retained and arguably, extended.

There are no definitive answers regarding the relative merits of education and legislation as instruments for the enhancement of job opportunities for mature aged workers. In practice, the best strategy probably lays somewhere between the two, perhaps a education strategy with a national focus as well as a state by state focus.

What is clear is that the cost of doing nothing to help over 45's seeking employment are substantial, for the worker, employers and the economy as a whole. Increased dependence on social security, increased in-

cidence of ill health and social and family problems are just some of the documented effects arising from protracted periods of unemployment.

Mature Aged Workers and Self Employment

Many workers aged 45 and over attempt to try and 'buy' themselves a job by establishing their own business. Some do so using redundancy payments while others seek government assistance. There are a number of federal and state government programs designed to assist people to this end but these are not just confined to mature age workers.

The New Enterprise Incentive Scheme (NEIS) established by the former Labor government is a program designed to assist participants with income support during the establishment of their own business. People are

but the provisions of the activity test are waived. NEIS has undergone continual refinement over the years and the one major evaluation of its effectiveness has found it to be successful in assisting people into self employment. (Johnstone: 1993). Substantial funding cutbacks were made by the Coalition government to NEIS in 1996. These cutbacks have resulted in fewer places being made available under the program with the result that entry is now highly competitive even to the point of exclusivity.

The Self Employment Development program (SED) was another initiative of the former Labor government. SED enables participants to continue to receive income support without the need to meet activity tests while they develop a business idea. However, they are not permitted to start trading.

Women in Self Employment (W.I.S.E) is a program funded by the Tasmanian Office of the Status of Women. Based on a New Zealand model, W.I.S.E provides a forum for women of all ages interested in self employment to share ideas and provide support.

Mentor Resources of Tasmania offers free assistance and advice to new and established businesses to help them succeed. Using volunteers from the ranks of retired and semi-retired business professionals, Mentor Resources is sponsored conjointly by the Tasmanian State government and community groups,

While these programs are of great assistance to mature and younger unemployed workers alike, they suffer from the perennial problem of finite resources and excessive demand.

The Job Network

Many specialist employment services for the mature aged suffered with the introduction of the job network. One such agency, Job Seeking Over Forty Association (JOFA) failed to win a contract in the first round of tenders and as a consequence, suspended its Sydney and Brisbane operations and had its Victorian activities severely curtailed.

It is imperative that future Job Network tenders take into account the current and projected needs of the mature aged

“While programs are of great assistance to mature and younger workers alike, they suffer from the perennial problem of finite resources and excessive

worker through the funding of a number of specialised job agencies in each state.

Youth Wages

The governments push towards youth wages can be expected to have a significant impact on the job employment prospects of mature aged workers. The productivity Commission is due to report on this issue in June this year. The governments plan is for a wage system based on age rather than skills and competency, a formula which will disadvantage mature aged workers in favour of workers able to be employed at junior rates of pay.



In Brief....

- there is substantial policy confusion between the Commonwealth's employment and retirement incomes policy which is having a deleterious impact on the over 45 age group.
- there is an urgent need for a theoretical model similar to the United Kingdoms 'employability' model, to assess the future needs of the mature aged workforce, and to inform future policy development for the mature aged worker.
- employer attitudes represent a significant barrier to the employment of over 45's.
- women, indigenous Australians and migrant workers aged over 45 are likely to experience additional difficulties obtaining employment.
- education programs designed to change employer attitudes should have a national as well as individual state focus and employers should be encouraged to participate in the program.
- the introduction of the job network has resulted in the few existing specialised employment agencies for the mature aged workforce reducing services. Future tenders should make provision for a set number of specialised services.

R ECOMMENDATIONS

1

an integrated policy framework

The Commonwealth take immediate steps to develop an integrated policy framework for assessing the needs of mature aged workers

2

education and training

The Commonwealth examine the education and training needs of unemployed mature aged workers in the context of a new integrated policy framework.

3

employer education

The Commonwealth implement a nationwide employer education program to encourage the recruitment of mature aged workers and establish a national mature aged workers

4

labour market programs

The Commonwealth examine the need for increases in funding for the NEIS program and other specialised labour market programs for the mature aged worker.

5

employment assistance

The Commonwealth examine the need for the inclusion of specialised mature age job placement agencies within the Job Network.

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