

Australian Catholic Social Welfare Commission

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6 June, 1999

Re: House of Representatives Standing Committee on Employment, Education and Workplace Relations Inquiry Into Older Workers

The Australian Catholic Social Welfare Commission ('ACSWC') is an organisation of the Australian Catholic Bishops' Conference and has a mandate to advise the Catholic Bishops of Australia on matters pertaining to national social welfare issues. The ACSWC has been actively involved in the review of policy and service provision issues in the area of employment, education, training and workplace relations.

As part of this involvement in national employment policy generally, the ACSWC has assessed and developed social policy responses in accord with the principles known as Catholic Social Teaching which seek to enhance the dignity of individuals and promote their fuller participation in the life of the community.

The ACSWC welcomes the opportunity to lodge this brief submission to the House of Representatives Standing Committee Inquiry into the social, economic and industrial issues specific to workers over 45 years of age and who are seeking employment.

Catholic Social Teaching

Central to the Church's understanding of the nature of employment is its undeniable facility as the means to express the inherent dignity of the worker and the value of meaningful employment to the character of the individual. The employee's ability to support their family, his or her ability to fully integrate into society, and opportunities to fully assume the rights and corresponding responsibilities of participation in the life of the community are central to the Church's social teaching on work.

Work which provides a living wage is essential to the capacity of citizens in meeting life-cycle expenditure commitments of schooling and education, rent and purchase of accommodation, family formation and child-rearing, leisure and travel, the payment of taxes, and contribution to retirement incomes.

Exclusion from the world of work and prolonged periods of unemployment at any stage of an individual's life will necessarily have an adverse impact on the social and economic wellbeing of the majority of Australian workers and families who rely on an adequate market income to meet the costs of living. At a fundamental level, secure work which provides a living wage is the first line of defence against poverty. Accordingly, an adequate amount and fair distribution of work which provides a living wage for all who want it is a means to the end of strengthening individuals, families and the broader social fabric.

Australia's Unemployment Trend

The fall in the national unemployment rate from over 8% to around 7.5 % over the last year has been welcomed by many in the community who recognise the problem of unemployment as being the greatest single issue facing Australia.

However, it is clear that there are a growing number of people identified among discrete groups of disadvantage in the labour market who are not sharing in the benefits of jobs growth. Underlying the welcomed albeit slight falls in the national aggregate unemployment rate is a growing concern and even scepticism in the community regarding the political will to address levels of youth unemployment, long-term unemployment, regional unemployment and unemployment among indigenous and certain non-English speaking citizens as well as for older workers that remain significantly higher than the national average.

The ACSWC and other church and community-sector representatives have argued for the Government to intervene more strongly in the operation of the market to address the imperfect distribution of jobs and the resistance of the circumstances of these groups to respond to current favourable conditions of economic growth. It is clear that the higher incidence of unemployment and vulnerability to prolonged periods of joblessness among these groups reveals their loss of bargaining power in a fluid and increasingly restructured labour market.

The Circumstances of Older Workers

Workers over the age of 45 years have been made increasingly vulnerable to unemployment as a result of a labour market which is restructuring in response to the broad forces of globalisation, recession, and advancing technology. The plight of this group has, until recently, received less attention in public debate than it deserves. This has added to the feelings of alienation amongst many of those who have been forced from the labour force at the prime of their working-lives and who continue to search for paid work in an inhospitable market. There is also ample evidence to support the fact that many older workers have been forced, often by factors beyond their control, to withdraw into early retirement against their will.

Some commentators may argue that the unemployment rates for workers aged over 45 years do not justify their classification as a 'special group' experiencing significant disadvantage or requiring the special attention of Government. The rates of unemployment for people aged 45-54 and 55-64 remain lower than the national unemployment rate at around 5.5% and 6.5% respectively. However, recent research undertaken by Adriana VandenHeuvel of the National Institute of Labour Studies (*Mature Age Workers.. Are They a Disadvantaged Group in the Labour Market?* Australian Bulletin of Labour, 1999) has revealed that when relatively higher withdrawal rates and discouragement of job seekers among these cohorts are taken into account, a significant level of hidden unemployment would lift the rate of unemployment for those over 45 years to 9% or above.

VandenHeuvel's findings and other research undertaken by the Australian Bureau of Statistics confirms that older workers, especially 55-64 year olds, have a greater likelihood of being retrenched and less opportunity of re-employment than workers in almost all other age categories. Older workers are also more likely to experience longer durations of unemployment and are at high risk of becoming long-term and very long-term unemployed.

It is worth noting that similar research undertaken by the Bureau of Labour Market Research in the early 1980s and the Social Security 'Cass' Review in the late 1980s highlighted and predicted the impact of these trends in the mature age labour market and argued for the stronger intervention of the Commonwealth Government in the market to strengthen income support and labour market and training program-based initiatives which would assist this group.

It also needs to be considered that many mature age workers who are unemployed also suffer compounded labour market disadvantages associated with being long-term unemployed, of coming from indigenous and non-English speaking background, and/or of living in regions experiencing industrial decline and restructuring among traditional employers.

The needs of unemployed workers over the age of 45 years also varies considerably according to the age at which they become unemployed. Workers becoming unemployed in the 45 to 54 year age-bracket who are still at the prime of their working lives and increasingly likely to be supporting children who are still at school or undertaking tertiary education can ill afford to withdraw from the labour market or undertake work which results in a significant fall in income. Those who are unemployed in the 55 to 64 year age bracket, who are capable of delivering many productive years of work in the future and, who often bring a high level of experience and expertise to offer potential employers, may lack the financial means to enter early retirement and resent having to prematurely rely on retirement incomes.

While there may be an increasing acceptance in our society that workers over the age of 55 years are in a position to consider the possibility of early retirement, it also needs to be recognised that many in this group may not have the financial means nor the desire to leave the labour force at such an early age.

There are some among the broad category of 'older workers' who, following unemployment, will find work of a similar status and level of pay and others who will have the ability and willingness to fully retire. The ACSWC is concerned for the financial circumstances and social and family wellbeing of mature age workers who are prematurely excluded from the labour force due to a lack of employer demand, the loss or inadequacies of their skills, an unmet need for retraining, or high levels of discrimination faced in a competitive and often capricious market which can regard the older worker as being at the one time both obsolete and over-qualified.

These workers often experience a significant fall in income as a result of prolonged unemployment, enforced early retirement or semi-retirement blended with insecure casual or part-time work, self employment or unpaid voluntary work. There are also a growing number of redundant mature age workers who are at risk of financial loss or bankruptcy where they have used redundancy payments to enter small business without the necessary skills or when the particular enterprise is likely to be unviable.

Recommendations

The need for the introduction of targeted programs of intervention to address the job-search, training and income security needs of mature age workers seems warranted. Given the heterogeneous nature of this group of job seekers and the diversity of their needs, the ACSWC wishes to make the following broad recommendations relating to the labour market and income needs of older workers:

- That unemployed mature age workers are guaranteed immediate access to Intensive Employment Assistance, Vocational Education and Training programs, enhanced wage subsidies and other labour market programs dealing with the needs of workers made redundant due to the restructuring and downsizing of traditional industries with the aims of reintegrating redundant workers into appropriate and adequately remunerated employment and preventing their risk of prolonged unemployment or involuntary early withdrawal from the labour market.
- That unemployed mature age workers be considered a 'special needs' group requiring specialist assistance across the streams of employment assistance provided by the Job *Network* system and improved access to programs of Vocational Education and Training under the Australian National Training Authority framework.
- That older workers considering investment of redundancy payments and retirement income into the purchase or establishment of small businesses be assisted with relevant education and training, practical and mentoring support (akin to the New Enterprise Incentive Scheme) and business incubator models of support which provide the necessary skills, know-how and support to establish and run small enterprises and minimise the financial risk associated with such undertakings.
- That the Commonwealth Government conduct a high profile media campaign aimed at raising the awareness of employers and the general community of the value of employing mature age workers and breaking down the discrimination experienced by these workers in the labour market.
- That appropriate changes be made to existing social security income support and retirement incomes policy to assist older workers and protect the accumulated savings of middle- and low-income unemployed workers who are at risk of involuntary early retirement. Specifically, that:
 - the Mature Age Allowance be restored to Age Pension levels with Age Pension income and assets tests arrangements;
 - the preservation age for superannuation be raised from 55 years with alternative income support arrangements being made to assist older unemployed people in financial difficulty who are at risk of premature and unwilling reliance on their retirement incomes;
 - the 1996 Budget initiative to assess the superannuation of people aged over 55 years under the assets test when they have been on income support for longer than nine months should be reversed; and,
 - any impact on vulnerable and unemployed mature age workers of the prolonged dependence of teenage and young adult dependants on parental income under Common Youth Allowance means testing arrangements be altered to relieve the financial burden on these families.

The Wellbeing of Older Workers and Their Families

A majority of mature age job seekers face a market which is unable to discern the unique and valuable potential of many older workers to Australia's future labour force. There are other issues extending beyond the immediate need for a level of market income and/or social security which protects individuals and families from financial hardship and poverty.

The psychological and social costs of retrenchment and prolonged unemployment during the productive years of life impact harshly on the quality of life of affected individuals and families. Experiences of low self-esteem and loss of self-identity impact on physical and mental health and can extend to broader consequences of social isolation and the loss of networks and support. The impact of redundancy causes family disruption and breakdown. At the very least it reduces people's sense of membership and contribution to the life of the community. Particular attention and sensitivity must be given to actual or threatened loss of economic and social security experienced by this group of citizens.

In addition to the recommended initiatives listed above, and the recommendations submitted by other organisations to the Standing Committee Inquiry into older workers, the ACSWC believes it is vital that all Government Departments and/or contracted agencies involved in assisting in the re-integration of these workers into the labour market or their transition into retirement have a thorough awareness and appreciation of the broad range of financial, social and emotional needs of mature age people who are unemployed. Governments must also make a commitment of resources necessary to adequately address these broad range of needs.

In an address to trainees and staff of the Centacare Willson Training Centre in Tasmania during his visit to Australia in 1986, Pope John Paul paid particular attention to the problems faced by mature age unemployed workers:

In Australia too the pain of unemployment is suffered by many of you and your fellow citizens, and not just the young, but also by men and women who are bread winners for their families.

Even when social services help to provide the bare necessities of life, *being unemployed cuts into their dignity as persons* and seriously curtails their chances and opportunities in life...

Unemployment brings many evils to a community and to a nation. It can cause such stress to the family and society that there follows a real breakdown of the institutions that should ensure human advancement. Those who have work may forget those who do not...

But the needs of the *older unemployed* must not be overlooked. There are indications that in recent years the numbers of unemployed have increased as well as the average duration of unemployment. This means that many people can be excluded from the labour market for almost their whole working lives with little hope of regaining regular employment.

Some statistics present a bleak picture for thousands of people who would be only too happy to work. Powerful efforts must be made to find new means of meeting this situation so that older workers skills may be re-used, or new skills taught to them. Most of all *they need the practical help that will rekindle their enthusiasm and motivation* to be engaged in creative work.

(Pope John Paul II, (1986), 'Address on Unemployment', in: *The Pope in Australia: Collected Homilies and Talks*, St. Paul Publications.)

Government Responsibility to Lead the Way

Pope John Paul II has emphasised the important role of the government to act in the role of 'indirect employer' in co-ordinating manifold socio-economic factors, policy initiatives and national institutional arrangements to maximise the creation of secure work which offers a living wage and opportunities for advancement for unemployed citizens. In the spirit of his words, the ACSWC welcomes the resolve of the Commonwealth Government through this House of Representatives Standing Committee to consider the causes and possible solutions to the problems experienced by older workers in the Australian labour market.

The Commission believes that it timely and appropriate in this International Year of the Older Person to pay much needed attention to the experiences and needs of mature age workers who are unemployed. Their plight has not been given the attention it deserved in recent years.

The ACSWC believes that the way in which the labour market doles out both the pain and gain of economic performance is very inequitable and causes extreme disadvantage for particular groups including older job seekers. The disadvantage caused by the inequitable operation of market forces has been exacerbated in recent years following reductions in expenditure, program-based interventions and client and worker entitlements across the portfolios of social security, employment, workplace relations, education and training.

The paring back of a broad range of social policy initiatives which served to ameliorate the impact of the market is becoming an increasing concern where the needs of discrete groups within the labour market are falling into sharper relief. The imperfect distributional outcomes determined by the market, combined with the pre-existing labour market disadvantage of unemployed mature age workers, provides a compelling case for a more proactive and robust intervention of Government to improve the employment prospects and ensure improved access to adequate market incomes for this diverse group.

It is hoped the present Inquiry will give voice to the circumstances of this particular group of job seekers, raise the community's awareness of their plight and provide the impetus for practical initiatives which will address the broad range of financial, social and emotional needs of unemployed older workers and their families.

The ACSW is grateful for this opportunity to provide a brief submission to the House of Representatives Standing Committee on Employment, Education, and Workplace Relations.

Yours sincerely

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