



*Albany Employment Development Committee, Inc.*

Submission 98  
(AEC Inquiry)

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**Inquiry into Issues specific to workers over 45 years of age seeking employment, or establishing a business following unemployment**

Dear Sir/Madam,

Please find enclosed a submission from the Albany Employment Development Committee, to the above Inquiry.

The Albany Employment Development Committee is unique amongst labour market agencies as it is operated independently of Commonwealth/State government funding. This, combined with the breadth of membership which includes non government organisations and government agencies involved in the labour market, results in the AEDC being a credible advocate for labour market issues in this region.

Our committee provides a focal point for informed debate on matters relating to employment, vocational education and training and how they should evolve in a way which complements the region. We service the Great Southern region of Western Australia, covering some 41,000 square kilometres, 12 local government areas and have a population of approximately 50,000.

This submission has been authorised by a full general meeting of the Albany Employment Development Committee.

The Albany Employment Development Committee appreciates the opportunity to make this submission and is keen to work with you in addressing the issues it identifies, hereby ensuring continued employment growth within our region which embraces all sectors of the community.

Yours sincerely

Ian Wilson  
Chairman

13/5/99.

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Albany Employment Development Committee Inc.

Submission to:

House of Representatives Standing Committee on  
Employment Education and Workplace Relations

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following unemployment.**

# Albany Employment Development Committee Inc

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## **Issues specific to workers over 45 years of age seeking employment, or establishing a business following unemployment.**

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# Albany Employment Development Committee Inc (AEDC)

Submission to:

House of Representatives Standing Committee on Employment Education and  
Workplace Relations

## **Issues specific to workers over 45 years of age seeking employment, or establishing a business following unemployment.**

### **Introduction.**

The Albany Employment Development Committee Inc (AEDC) is unique amongst labour market agencies as it operates independently of Commonwealth or State Government funding. This, combined with the breadth of membership which includes non government organisations and government agencies involved in the labour market in this region, results in the AEDC being a credible advocate for labour market issues for this region. (Attachment 1 provides a breakdown of the Committee's membership.)

Our committee provides a focal point for informed debate on matters relating to employment, self-employment, vocational education and training and how they should evolve in a way that complements the region. We service the Great Southern region of Western Australia, covering some 41,000 square kilometres, 12 local government areas and have a population of approximately 50,000. See Attachments 2 and 3 for a map and regional profile.

### **Methodology**

In preparing this submission comments were sourced from members of the AEDC and a range of people and agencies in the Great Southern region. Contacts outside the Committee include business brokers, financial institutions, employers and various individuals, agencies and government departments participating in the labour market.

Additionally, a selection of unemployed people over the age of 45 years were contacted by direct approach and through service providers to obtain their input.

We present this submission as a summary of issues, and recommendations addressing your Inquiry. The issues and comments made in this document reflect various opinions, facts, hearsay, observations and other anecdotal comments received following discussions in the region.

Our comments concentrate on those people who are likely to have difficulty moving directly into employment or self-employment who fall into this age category. Obviously these issues may not always be applicable to the vast majority of people over 45 years of age.

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## Executive Comment

During our research in compiling this submission we were able to confirm that in this region there are issues specific to workers over 45 years of age seeking employment, or establishing a business following unemployment. Our findings are detailed on the following pages, a summary of recommendations is at Attachment 4.

It is widely recognised that Australia's population is aging, indeed this is confirmed through the Australian Bureau of Statistics (Census 1996) figures which demonstrate the population of 45-64 year olds increased by 40% and the participation rate increased 10%.

However concurrently, the number of unemployed persons in this age category from August 1997 increased by 156% over one year. Of particular note is the group of people in this category who are hidden – ie. those who do not, for a range of reasons, register as unemployed. Anecdotal information from within the region would suggest that this group is significant in size.

A report prepared by the Department of Employment, Workplace Relations and Small Business indicates that the unemployment rate for 45-64 year olds is 20% lower than for the 15-44 age group – however the overall figures for this latter group is significantly higher than for the over 45s. The report also shows that the length of unemployment faced by people in the over 45 age group is much more likely to be longer than for younger people, *“two of every five 55-64 year olds who are unemployed are also long term unemployed (unemployed for a year or more)”*.

A key issue facing people in this client group in the Great Southern region is the difficulty they experience in accessing a changing labour market and business environment.

For people considering entering into self-employment, meaningful training provision is believed to be their main underlying need. This is especially important for people over the age of 45 years who often lack awareness and skills in current best business practice, that is, business planning, looking at all options, risk taking and undertaking training.

People about to become unemployed or made redundant need help to accept the challenges of the future by looking outside the traditional mind sets regarding employment training and jobseeking and in how they approach their own new business ideas. A visionary approach is therefore needed in addressing the Standing Committee's inquiry outcomes.

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# **Section One**

**Issues specific to workers over 45 years of age seeking employment, or establishing a business following unemployment.**

## **Issues Impacting on Employment:**

In this region the main issues affecting unemployed people over 45 years of age appear to be:

- The lack of suitable jobs
- Financial pressures
- The social stigma of being unemployed, particularly in smaller centres
- Declining self respect
- Loss of motivation, particularly after longer periods of unemployment
- Reduced physical capacity
- Employer fears of higher workers compensation risk from older people more prone to injury
- Lack of transferable skills for some people
- Changing working environments, particularly with the trend away from steady employment and towards casual and part time employment and contractual working arrangements
- Concentrations of mature indigenous people in locations with low employment potential
- A lack of public transport in, and more significantly, between regional centres
- Unwillingness to relocate
- Lifestyle choices
- Self employment is often supported by income support subsidies from government
- Phasing out of some traditional industries and evolution of new industries, for example converting intensive sheep farming country to tree farming
- Increased outsourcing reduces the range of longer term jobs available
- An inability and unwillingness to upgrade their own skills to suit shifting industry expectations
- Cleared debts after redundancies may make it more attractive to stay on welfare
- Loss of traditional long-term positions due to automation, mechanisation and other improved industry productivity practices
- Concentrations of specific ethnic groups with specific employment problems are disproportionate in some locations
- Health issues including alcoholism
- Loss of driver's licence causing a loss of access to private transport.

## **Comment Against Specific Issues:**

### **Social Issues**

#### **1. Lack of Jobs**

The current lack of traditional jobs and probable future employment trends are such that it is likely many of the most disadvantaged unemployed in the over 45 aged group will continue to experience difficulties obtaining and retaining employment, regardless of the assistance they receive.

For unemployed older people to obtain the jobs that are available it is necessary to maintain incentives for those people to be employed. It is widely predicted that future "employment" for a person may be a flexible, changing combination of part time, casual, and self-employment components. It is likely for some workers over 45 years that this combination alone may not fully meet income needs, nor will they necessarily wish to embrace these arrangements.

#### **2. Health Concerns**

There are many health and social issues associated with unemployment, particularly for mature aged people. This was summed up very well by John Langmore & John Quiggin on page 15 of their well researched book "Work for All: Full employment in the Nineties".

Discussions conducted in preparing this submission reveal similar problems outlined in the book, face older unemployed in this region. There is a need to minimise the social, health and other negative impacts currently associated with unemployment.

#### **Recommendation**

*To retain the good health and personal dignity of older jobseekers, social justice measures should continue to be included in all policies addressing labour market issues.*

#### **3. Social Stigma**

Many older workers are embarrassed to be identified as unemployed, especially in the smaller population centres where there is less anonymity. When income support is not an issue, for example when a partner is working and means or asset testing precludes financial assistance, such jobseekers often do not seek the support and assistance available through the Commonwealth funded employment service providers and relevant community agencies. It should be noted however that the WA State funded Joblink service is available to this group of jobseekers and they do access it for assistance.

The above may result in jobseekers being unaware of the range of positions available. In some cases unemployed people do not canvas for work at all due to the social stigma and simply wait, often in vain, for work to come to them. Consequently they often become less confident, somewhat home bound and socially isolated.

Anecdotal comment suggests that the new Job Network should be marketed more extensively, particularly to identify the brokers, how jobseekers can access them, and the range of services available. It is recognised that brokers have responsibility for their own advertising but it

appears many of the unemployed are still unsure of their options and what assistance is available to them.

#### Recommendation

*Marketing of Job Network services and assistance must be improved and it should endeavour to remove social stigmas and prejudices as much as possible. The marketing of the Job Network should acknowledge that most people will experience periods of unemployment as a fact of life rather than any failure on their part. This may help reduce the social stigma of unemployment for the over 45 age group.*

#### **4. Marital and Family Issues**

As a consequence of marital and family breakdown many unemployed people have the responsibility for child rearing, either totally or shared. Some unemployed people also have to care for older relatives. This may reduce their availability to undertake employment, or their motivation to seek employment and on their capacity to meet employment requirements. This is particularly so in terms of inability to work full time, irregular hours, shift work, weekends or work involving absences from home.

It has been suggested by John Langmore & John Quiggin on page 246 of "Work for All: Full employment in the Nineties". that productivity increases could be rewarded by reducing working hours rather than by increasing rates of pay. Measures such as this would enable older people to adapt their employment availability to care for children and other relatives at home.

#### Recommendation

*Increased flexibility of employment arrangements may meet some of the needs of the over 45s. The government should also acknowledge that public funded income support can form part of these flexibility arrangements.*

#### **5. Status and Self Worth**

Maintaining status in their community is of major importance for older workers. There is a tendency to seek work comparable to their previous position and not pursue other employment that is perceived to be of a lower status. A very common conversation opener is "What do you do?" People are then often judged, and judge themselves, by their answer. The social significance of work is therefore very important, particularly for the over 45 year-olds who have lived by that standard most of their life.

Older male workers, especially in the regions where traditional values remain strong, are also more likely to have established beliefs in their traditional role as the breadwinner. Their inability to successfully carry out this role creates major feelings of inadequacy and personal failure and contributes to stress in the family unit.

#### Recommendation

*The AEDC believes that stereotypes should not be reinforced and that many older unemployed people have high financial and family commitments; which will require an ongoing appropriate level of income. However some older people who cannot find full time work should be encouraged to ease into part-time work or working from home as a longer term acceptable alternative to being unemployed. The part-time philosophy could in many cases even be offered while people are still employed by educating them and their employers*



*regarding the benefits of job sharing. By gaining or retaining part-time work, older workers also retain the status and self worth of meaningful employment.*

## **6. Inflexibility**

Comments from all employment service providers contacted indicate workers over 45 tend to be less flexible in their vocational options and often unable to operate out of their "comfort zone". This was confirmed during our individual discussions with unemployed people in the region. Many consider they already have adequate skills to obtain work. This belief restricts the type of work sought, the locations in which they are prepared to work and the work and wage conditions which they view as acceptable.

### Recommendation

*Introduce a support service for longer term unemployed older people to help them consider alternative options available to them. Such a service could offer financial incentives where training was pursued which addressed a national or locally identified skill shortage*

## **7. Relocation Issues**

Within this region there are a number of small isolated rural communities, which are experiencing zero or negative growth. Many unemployed older workers in these locations accept there is minimal potential for them to obtain the type of work they have previously undertaken. While accepting the reality of their current situation and the lack of local demand for their skills, they nevertheless remain reluctant to consider relocation or other work options.

### Recommendation

*Educate people about alternative options which may apply to them. For example, home based income generating activities are undergoing a period of massive growth due to improved technology. Retraining people to take advantage of these opportunities may provide a viable alternative to traditional employment.*

*Where people have been unemployed for a significant period of time, offering a financial or tax incentive payable to stay off income support for a period of time (eg. 3 or 6 months) by staying in employment. If unemployed older workers are offered this incentive it may be an inducement to consider other work options, relocation or re-training. Alternatively incentives could be directed to employers to ensure maintenance of position.*

## **8. Special Problems for Indigenous People**

The rate of unemployment for Aboriginals is acknowledged as being far higher than for any other group in the community. This problem is most evident in this region.

The suggested expansion of the Work for the Dole Program and maintenance of Community Development Employment Program (CDEP) funding may be the most viable assistance in the smaller centres where mainstream employment is unlikely to generate sufficient employment opportunities. There was a clear statement from a local CDEP organisation that CDEP activities had measurable social benefits as well as preparing participants for employment. Self-esteem, social interaction, work ethic, and similar issues all benefited from CDEP participation.

A local Aboriginal spokesperson considered the physical capacity and general health of many 30 year old Noongars (local aboriginal people) were comparable to those over 45 year old people in the rest of the population. This is in addition to other issues facing Noongars seeking employment.

Another comment made was that older unemployed Aboriginal men are further disadvantaged in that they appear in some cases to have lost their role in their culture.

The spokesperson also said that changes to the employment services market and specifically the abolition of elements of the "Training for Aboriginals Program (TAPS) had significantly reduced employment prospects for indigenous jobseekers.

Recent research undertaken by the State government across Western Australia demonstrates that the Job Network has consistently failed to service Aboriginal clients.

#### Recommendation

- a) *Increase support to establish indigenous enterprises aiming for self-sufficiency should be a priority.*
- b) *The Job Network must be directed to effectively service this client group*

### **9. Social Isolation**

A vast proportion of work is filled through word of mouth from within established networks. Access to such networks may assist the client group obtain employment.

The current service offered through Job Network may disempower jobseekers in this client group to develop and exploit networks to obtain employment, resulting in a potential dependency on the system in the future.

#### Recommendation

*Job Network service should be structured to empower jobseekers to manage their "work placements" and access new areas of potential employment.*

### **10. Transport Issues**

In many rural centres there is no public transport. The loss of a driver's licence or the inability to purchase or maintain a motor vehicle can severely limit employment prospects. A lack of transport also hinders education and re-training options and contributes to social isolation.

#### Recommendation

*Job Network providers should consider these transport issues when job matching. Measures which enable access to low, or no interest loans for the purchase or maintenance of a vehicle could be considered. The justification for these measures could be considered in the same context as the tax payer supported public transport systems in metropolitan areas.*

### **11. Jobsearch Issues**

Agencies comment that older men in particular still do not readily accept the need to improve their job search skills and techniques, particularly in relation to resumes, letters of application etc. Women tend to be more flexible and more readily accept the need to meet the

requirements of modern recruitment processes. A one on one assistance strategy may be required for this client group.

Recommendation

*Continue to incorporate the enhancing of jobsearch techniques into all labour market intervention activities.*

**12. Apprenticeship and Traineeship Issues**

Anecdotal and local statistical data clearly demonstrate the take-up of apprenticeships and traineeships by jobseekers aged over 45 years is minimal. There are comments from service providers, traineeship delivery and administrative bodies, and from jobseekers themselves which confirm the perception these options are targeted at younger people.

Comments direct from the target group suggest:

- They consider they already have all the skills they need
- Young people should be given all the apprenticeships/traineeships
- Training wages would be too low anyway

It is interesting to note that several people involved in the delivery and administration of traineeships consider traineeships in their present format are not an appropriate vehicle for re-skilling purposes. A different system acknowledging and building on existing skills is urgently required.

Recommendation

- *Investigate, as a matter of urgent priority, the development of a program to reward employers who take on mature workers (Perhaps structured similarly to Traineeships)*
- *Modify traineeship financial incentives to encourage employers to consider older jobseekers and/or those with similar, but outdated, qualifications who may require re-skilling.*

## **Economic Issues**

### **13. Income Maintenance**

There is considerable pressure on this age group to maintain income levels. Pressures created by:

- Children attending college or university, or at home unemployed
- The wish to pay off the mortgage
- Attempts to establish a retirement "nest egg" to compensate for reduced access to age pension, and
- Desire for early retirement

All the above tend to reduce employment options which do not offer financial returns comparable to previous earnings.

From a broader perspective this group of workers has a wealth of experience and expertise which is not being effectively utilised to the benefit of the community. *See also 22, "General Comments-Hidden Unemployment" page 16*

### **14. Income Test**

During our discussions in the region the income test was raised as a disincentive for people on benefit to move down the path towards establishing their own income source, ie a sufficient wage or other non welfare income.

#### **Recommendation**

*Restructure the income test for unemployed people so that it is financially more attractive to accept part-time work or commence a part-time business as a step towards establishing their own sustainable income. This could incorporate a sliding scale providing higher thresholds for longer term unemployed thus increasing the incentive for them to seek and accept employment opportunities.*

## **Industrial Issues**

### **15. Discrimination**

While all parties contacted were aware of anti-discrimination policies and legislative requirements it was clearly evident that discrimination occurred. For females the most common occurrence seemed to involve client contact occupations where employers sought younger workers to preserve/enhance a workplace "image". The hospitality industry and "front counter" positions are classic examples.

For males it was equally clear discrimination occurred most frequently in relation to their perceived capacity to cope with the physical demands of the job. There is a clear and widespread perception that older workers are more likely to incur workers compensation liabilities. This is of course invalid for the majority of workers. As one person said, "if you put people in the right jobs they can work forever – it's a case of horses for courses".

Employers indicate where the work is physically demanding turnover for the over 45's is significantly higher than for the rest of their workforce. This high turnover can make older people less attractive to employ.

#### **Recommendation**

*One way to combat discrimination to the over 45s may be to provide special taxation incentives for employers who retain disadvantaged workers for at least 6 months.*

### **16. Unfair Dismissal Issues**

Discussions with employers and with industrial advocacy organisations indicate employers are more likely to encounter difficulties in dismissing older workers. While many younger workers may feel they have been unfairly dismissed most fail to pursue the matter. In contrast a higher proportion of enquiries from workers over 45 years of age result in unfair dismissal action being initiated.

For younger workers on less than adult wages the advent of a birthday and consequent pay increase provides an opportunity to shed staff whose performance may be considered marginal. This option is not available to employers of older employees.

#### **Recommendation**

*Develop and implement an education process to increase the capacity of both parties to more objectively assess work performance expectations, and to develop corrective processes other than termination. Where these processes are more visible the incidence of unfair dismissal action should be reduced.*

### **17. Workplace Agreements**

While both younger and older jobseekers may be uncomfortable negotiating Workplace Agreements, younger workers are perceived to be more flexible and less likely to force issues which could threaten their employment. Employers are thought to be more comfortable negotiating work place agreements with younger people than the over 45-year-olds, probably due to a subtle position of power.

Workplace agreements and fixed period contracts were also acknowledged as a convenient way of shedding staff. While this was seen as a way of avoiding confrontation and possible unfair dismissal proceedings there may be negative impacts such as reduced loyalty, lack of continuity of expertise and similar issues, which were largely overlooked.

#### Recommendation

*Training should be factored into Workplace Agreement negotiation for all parties.  
Employment brokers should be encouraged to provide this training to their clients.*

### **18. Maintenance and Updating of Skills in a Learning Culture**

A spokesperson for Great Southern Regional College of TAFE indicated that the majority of over 45-year-olds undertaking skills enhancement courses were employed, and were studying part time. For those older people studying full time, the majority were undertaking numeracy/literacy courses, or bridging programs such as "New Opportunities for Women". In many rural centres, all students are Aboriginal. In these locations TAFE often provides a work ethic and purpose for disadvantaged older indigenous people.

Employers stated that personal qualities such as flexibility, attitude, motivation, presentation, and interpersonal skills were of major importance and that technical skills were secondary. The old adage of "give me workers with the right attitude and I will train them" still appears relevant.

While employers indicate they are willing to train people with the "right attitude", comments from Great Southern Regional College of TAFE indicate that since the abolition of the Training Guarantee Levy employers have less incentive to recognise or encourage formal up-skilling. Older workers were often unaware of the value of formal qualifications and rarely sought confirmation of their skills using "Recognition of Prior Learning" processes. While larger employers in the metropolitan area may use the more flexible training options available (eg. National Metals Modules) most employers in the Great Southern were small operations where formal training was considered less of a priority.

Most employment service providers felt older workers generally were uncomfortable with modern technology and were reluctant to pursue relevant skills. Many jobseekers considered they were already well skilled and experienced and their age was a far more significant barrier.

Comment from training and employment service providers also indicates that mature people in general have a lower base level of information technology knowledge. In addition they may also experience difficulty grasping new concepts, may be slower to learn, and could require different tuition techniques.

While employers state a lack of skills is not a significant barrier it was also clear many used it to screen out applicants perceived to be unsatisfactory in other less objective criteria. This provides a screen for discriminatory practices.

#### Recommendation

- a) *Introduce measures to ensure the benefits available through Austudy and Abstudy are known.*
- b) *Financial incentives, which encourage the longer-term unemployed to undertake training, should be highlighted. Incentives could also be scaled proportionately to the impact the*

*training is likely to have on employment prospects with the highest incentives linked to identified national and local skill shortages.*

- c) Support the post secondary systems in extending the "learning culture" throughout the community.*
- d) Introduce measures to encourage accessing the formal recognition of the skills possessed by older workers.*

*See also "Apprenticeship and Traineeship Issues" page 10.*

### **19. Restructuring and Technological Change Issues**

As a result of technological change and restructuring, many of the full time, lower skilled, manual positions are being abolished. For the older unskilled worker this creates intense competition for the work available. Age and perceived physical capacity are often used as screening tools in the recruitment process. In addition many of the industries in which job opportunities are expanding are in the personal services, hospitality, fast food and related industries. These tend to have a high proportion of young workers, involve shift and weekend work, and are generally less attractive to the older worker.

In this particular region many traditional primary industries are restructuring and being mechanised. While there are new industries taking their place these often require skills that are not directly transferable and are physically demanding. Both factors work against the more mature worker.

#### **Recommendation**

*There is a need to encourage more flexibility in how workers perceive their future employment options. Income support measures need to more actively encourage the acceptance of part-time and casual employment opportunities. Work, which is of community benefit, should also be actively promoted and participation encouraged through financial incentives.*

### **General Issues**

#### **20. Work for the Dole**

Despite the negative connotations created by its title, the "Work for the Dole" program does encompass the need for people not able, or willing to be employed to nevertheless contribute something back to society for the income support they receive. It is recognised that the program does not necessarily provide new employable skills nor create sustainable employment.

Many employment service providers felt a significant expansion of this concept, with a name, which more accurately reflects the community benefit, could be of major value to the community. It helps reduce many of the social issues identified in this section.

Previous Work for the Dole projects have been constrained by a lack of ongoing funding and the one-off nature of the projects. They have also concentrated on the younger age groups. It was felt future projects should include the over 45 years age group and provide long term benefits to the community by addressing issues such as salinity, land degradation, pollution, and other environmental or heritage needs. The recently announced expansion of the Work

for the Dole program could improve cost effectiveness and also provide an opportunity to make a meaningful contribution to the environment and the local community.

### **21. Hidden Unemployed**

There are a number of people over the age of 45 years who may not be readily identified as unemployed. These include:

- Farmers spouses
- Self funded early retirees
- People on Mature age allowance
- CDEP placements
- People on Austudy, Abstudy or studying because they could not find a suitable job
- Partners of working people

The range of assistance currently available to older workers in receipt of tax payer funded income support may not be equally available to the above people. Some assistance in areas, which can be clearly identified as in the public interest, may be warranted. Specific examples could include financial incentives to undertake training in vocational areas seen to be in extreme shortage nationally or locally.

### **22. Workplace Relations**

The perceived inflexibility of older workers mentioned previously is also a factor in workplace relations. There is also a perception that older workers are less adaptable to changes in management style and direction, and are less willing to accept performance improvement processes and counselling. These difficulties may ultimately lead to an unworkable situation where termination of employment is considered the only option.

### **23. Mentoring**

Many older workers have skills and abilities, which could be utilised to the benefit of others. The Western Australian Department of Training through Albany Worklink has trialed a mentoring program which provides a structure for mentoring processes and relationships. The encouragement of such processes on a broader scale may have significant benefits.

### **24. Other Social Issues**

Comment was made that there is often an impact on the children of older unemployed. For example:

- Peer pressure when asked "what does your dad or mum do?"
- An inability, or at least a perceived inability to pay for activities at sporting events, extra curricular school and other social activities
- Parent's despondency is observed as noticeably "rubbing off" on younger people
- Parents want better things for their children but are unable to provide what they would like, particularly for major sporting, hobby or other interests that include travel or other major costs
- There is an increased likelihood of children experiencing unemployment when their parents are unemployed.

A recent trend in the United States sees an increase in employment of the over 45s in recognition of their contribution and attributes in the workplace.



## **Section Two**

### **Issues specific to workers over 45 years of age seeking employment, or establishing a business following unemployment.**

#### **Issues Impacting on Self Employment and Establishing a Business**

Many of the issues, which impact on the employment potential of the older worker, similarly impact on their ability to successfully become self-employed. Refer to page 4 for a list of these issues.

In this region the main issues not listed on page 4 that are affecting people over 45 years of age establishing a business following unemployment appear to be:

- Lack of business management skills
- Lack of business initiative
- Lack of knowledge of how to become self employed
- Fear of the unknown
- Lack of flexibility
- Lack of confidence
- Lack of financial backing or inadequate proven track record to get financial backing
- Lack of vision
- Starting a business as a last resort rather than as a preferred option
- There are already a large number of small and "one man" businesses operating in this region. This impacts on the chances of success for an unemployed person starting up in opposition
- Self-employment is often not a viable option for those people over 45 year olds who possess marginal skills and an inappropriate attitude.
- A lack of ability to research areas in which there may be self-employment opportunities.

#### **Comment Against Specific Issues:**

##### **1. Training for New Business**

For people seeking to establish a business there is an extensive range of assistance currently available through the Department of Commerce and Trade, Business Enterprise Centres, Chambers of Commerce, Agriculture WA, TAFE and various business groups and consultancy services.

Our investigations reveal many over 45 year-olds are simply unaware of the assistance available. People need information on "how to run a small business" and where to obtain advice and training.

##### **Recommendation**

*Information should be funnelled through a one-stop shop arrangement, and made available to every new business when their name is registered and when businesses are transferred to new owners. Businesses information could also be issued to people handed retrenchment notices.*

*This could be done through a Statewide or National Directory compiled and updated through a contracted agency in each region and funded by Government. Corporate Affairs or an equivalent body could do this. It has also been suggested that the Australian Taxation Office could also send information out to each new business and home based enterprise identified by the taxation system.*

*Given rural Australia is predominantly a small firms economy, assistance should be directed to provide initial help in considering options. This assistance should be made available to all, not just those on income support.*

## **2. Realistic Expectations**

Discussions in the region suggest that older people are often somewhat unrealistic in their business expectations. Even though they procrastinate before making final decisions they will still often "buy a business to buy a job" without researching the implications thoroughly. This sometimes leads to a complete miss-match of their skills and consequently increases the chance of failure.

## **3. Business Choice and Confidence.**

Discussions with business brokers highlighted that many older people seeking to purchase or establish a business for the first time are often inflexible or narrow in their choice of business. There is a tendency for such people to lack confidence and to seek what they see as a business "anyone could run" requiring limited specialist knowledge or experience.

## **4. Ability to Take Risks**

Where an unemployed person has financial support from a working partner, or some other means of support, they are more inclined to consider broader options including self-employment. For example, a brief study of a number of people retrenched from the Public Service indicated that the majority of those who became self-employed had some form of financial support from their spouse/partner. Their business did not need to provide an immediate financial return for the family survival.

## **5. Financial Caution**

It is said people over the age of 45 years aim to minimise risk-taking by not mortgaging their home and other assets and they are more likely to seek government guarantees than younger people.

Many older workers who have been made redundant may be more reluctant than their younger counterparts to take risks and consequently often pay off financial obligations before seeking to buy a business. The amount of money remaining to purchase or establish a business is often quite limited unless they access superannuation payments which in many cases would entail a significant tax impost if funds are accessed prior to the age of 55 years. The above factors tend to restrict their choices to the lower cost, highly volatile business opportunities with consequentially higher failure rates.

Discussions with business brokers indicated that only a small percentage (approx 1 to 5%) of their overall business comes from over 45 year-old redundees. When such people do purchase a business it is frequently a coffee bar, lunch bar or similar business. These commonly cost in the region of \$30,000. The high risk, low cost characteristics of these businesses and the

lack of financial reserves to carry them for a reasonable "settling in " period increased the likelihood of a business failure.

## **6. Business Experience**

In most cases unemployed people starting a new business have not had similar relevant experience. While they may have good personal skills they often have little business knowledge. Business brokers felt people aged over 45 buying a business for the first time were far more likely to fail.

## **7. Mentoring for New Businesses**

Mentoring programs to establish support networks for anyone who is unemployed and wishing to start or build up a business are seen as effective in helping them achieve viability.

### Recommendation

*Federal funds could be directed towards further development and expansion of these mentoring programs, eg. by appointing a coordinator through the local Chamber of Commerce, Centrelink, Rotary or other service groups. We believe that this has been trialed in six pilots in NSW and Victoria and we suggest it should now be introduced Australia wide.*

## **8. Financial Support including the New Enterprise Incentive Scheme (NEIS)**

Many unemployed people over 45 years of age seeking to become self-employed are not aware of the formal assistance available.

Programs such as (NEIS) and Self Employment Development (SED) administered through the Federal Department of Employment, Workplace Relations and Small Business are reported to be excellent but appear to have very limited funding and are therefore often not actively promoted by service providers. Discussions with the Albany Business Centre indicate that the current allocated NEIS numbers are approximately 50% of the level 2 years ago and that the cost effectiveness of the service has been reduced.

State Government programs such as the new "Regional Smart Start" program which offers expert advice and assistance and pays \$1000 for qualified financial advice; are also considered to be very appropriate forms of assistance for anyone considering starting a new business.

In addition to funding restrictions changes to employment services delivery under the Job Network are said to have reduced numbers because there is now more emphasis on job placement to ensure progress payments.

### Recommendation

*Governments should redirect labour market funding to all assistance programs targeting self-employment and people seeking to establish a small business, including those not eligible to receive income support.*

## **9. Business Development**

There is a perception in this region that many small and home based businesses are not registered, are not aware of OH&S requirements, may not be compliant with taxation requirements, may be supported financially through the Social Security system and are generally "operating in the dark". It was felt that many don't want to expand or advertise their services for fear of exposing themselves to "the system."

Obviously most of these businesses are not seeking out or benefiting from government or other expert forms of assistance and guidance. In this region many people choose to reside in particular locations for lifestyle choices, and in some cases, in disregard of employment conditions.

The Western Australian Department of Training is trialing an assistance program for home based businesses. Under this program, called "NEXT STEP UP", visits are made to home based businesses to break down the barriers and assist them in accessing the plethora of information and assistance which may help them to conduct, establish or expand their business. It is in the interest of the community to encourage small business development and future employment opportunities for the region.

### **10. Skills Utilisation**

Comment was made by business brokers and self-employment agencies that younger people starting a business tended to utilise their existing skills. For example a welder may establish a welding and fabrication business.

By contrast people over 45 starting a new business tend to be disproportionately represented in the Retail and Services industries and often have no relevant experience in these specific areas. Unfortunately these businesses are also those which have the highest failure rate. (ABS Small Business 1321.0)

### **11. Initiatives For New Businesses Ideas**

Many people who are keen to get into some type of small, or home based business may be unaware of potentially viable new business opportunities.

There have been many projects funded around Australia under various governments that have explored new industry and value adding opportunities. Many of these opportunities have been identified by projects funded through the Federal and State Governments. For example, the current Regional Assistance Program administered by the Federal Department of Employment, Workplace Relations and Small Business provides funding for "Opportunity Audits"

#### **Recommendation**

*Research opportunities identified through previously conducted opportunity audits need to be marketed more extensively to the wider community.*

### **12. Opportunities To Avoid Relocating Unemployed People:**

As stated in Section One, many people in rural Australia reside in a location experiencing declining employment opportunities.

The current era of technological change provides many work opportunities for people in rural and remote locations using all the latest communication technology such as Internet, facsimile, email and direct person to person videolink. Examples of opportunities include graphic art, proof reading, report production, web page production, research projects, a large range of design opportunities, mapping, telephone business reception, advertising, marketing, desktop publishing, etc.

#### **Recommendation**

*Provide specialised and targeted training for people in rural and remote locations.*

### **13. Business Representation**

Anecdotal comments suggest there is a far higher failure rate for small businesses operated by older people.

Despite this, ABS data shows that for the period February 1995 to February 1997 the growth in representation of the 50 years plus age group in small business was in excess of four times the average and more than five times the growth rate for people aged 30 to 50 years. Optimism obviously prevails.

ABS data also reveals that the failure rate for business is lower than is popularly believed. This data states the exit rate for business is:

#### After 2 years

- 14.1% of businesses would have ceased
- 4.0% of businesses would have changed ownership

#### After 5 years

- 27% of businesses would have ceased
- 7.6% of businesses would have changed ownership

#### After 15 years

- 51% of businesses would have ceased
- 14% of businesses would have changed ownership

It is felt there is a direct correlation between the increased representation of over 50 year old people in small business and the mass redundancies resulting from the dramatic reform activities and major restructuring of industries throughout Australia.

### **14. Staffing**

There is a perception that many over 45 people starting or buying a business for the first time select businesses which have the potential to utilise family members and thereby avoid some of the industrial issues normally inherent with the employment of staff. This tended to limit the nature of the businesses commenced and also the expertise utilised.

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## ATTACHMENT ONE

# ALBANY EMPLOYMENT DEVELOPMENT COMMITTEE INC

### **Aim:**

To facilitate the development of employment opportunities in the Southern Region of Western Australia

### **Operation**

- Incorporated in 1987 under the Western Australian Associations Act.
- Operates as an umbrella organisation with few overheads.
- Provides a forum for the discussion and resolution of regional labour market issues.
- Provides small grants for initiatives which cannot be funded elsewhere and which assist unemployed people into employment.
- Lobbies for effective use of government programs in the Southern Region.
- Member organisations provide their resources for the activities endorsed by the Committee.

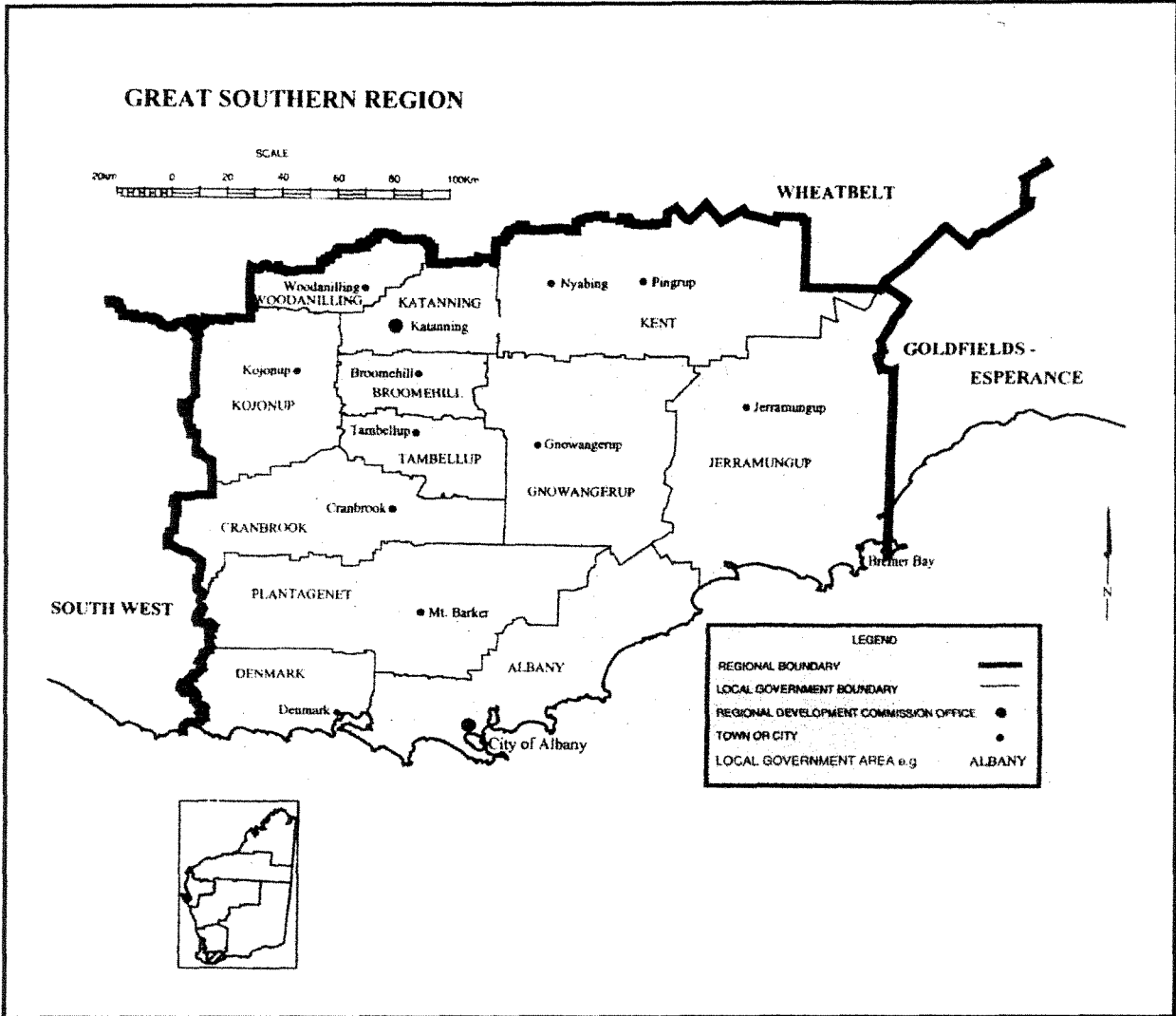
During 1995-1996 non-government member agencies of the AEDC:

- Delivered over \$5.0 million of labour market programs in the region.
- Provided services to 1500 clients.
- Attracted the support of 60 community decision makers through their management committee structures.
- Promoted the delivery of traineeships and apprenticeships to small business in the region.

### **Committee Membership:**

Albany Business Centre	Great Southern Group Training
Albany Chamber of Commerce	Great Southern Regional College
Albany Job Futures	Greenskills
Albany Port Authority	Kan-Work Options Centre
Albany Worklink	Regional Training Services
Area Consultative Committee	Police and Citizens Youth Club
Centrelink	Southern Province Projects Group
Commonwealth Employment Service	W A Department of Training
Great Southern Development Commission	W A Education Department

Albany Employment Development Committee Inc, Submission:  
Issues specific to workers over 45 years of age seeking employment.



## ATTACHMENT THREE

### Regional Overview

#### Lower Great Southern

Population:	Male	24,122	Female	23,892	Total	48,014
Labour Force	Male	12,767	Female	9,306	Total	22,073
Unemployed	Male	1,088	Female	654	Total	1,742

Total area:- 40,528 square km.

Unemployment averages around 7% for the region. Albany averages around 8%, Denmark 11% with all other Shires being well below the State and national average.

The 1996 Census shows the following variations when compared to the 1991 Census: Population has increased by 5%, the Labour Forces has increased by 4.6% and Employment Levels have increased by 9.8%

The region referred to in this document is covered by the following local government bodies:

City of Albany	Katanning Shire Council
Broomehill Shire Council	Kent Shire Council
Cranbrook Shire Council	Kojonup Shire Council
Denmark Shire Council	Plantagenet Shire Council
Gnowangerup Shire Council	Tambellup Shire Council
Jerramungup Shire Council	Woodanilling Shire Council

These Shires are bounded to the north by the central Wheatbelt, to the east by the lower Goldfields-Esperance region, to the south by the Southern Ocean and to the west by the South West region.

Within the above boundary there are over thirty towns and communities covered by the comments in this submission.

The region encompasses some of the most productive agricultural land in the State. Agricultural and land use based industries are therefore the predominant employers. Tourism, value adding to agriculture, timber, fishing and support industries are the other major activities. Landcare and sustainable agricultural practices are critical to maintaining current labour market levels.



**RECOMMENDATIONS**

**SECTION 1**

**Recommendation for No.2**

To retain the good health and personal dignity of older jobseekers, social justice measures should continue to be included in all policies addressing labour market issues.

**Recommendation for No.3**

Marketing of Job Network services and assistance must be improved and it should endeavour to remove social stigmas and prejudices as much as possible. The marketing of the Job Network should acknowledge that most people will experience periods of unemployment as a fact of life rather than any failure on their part. This may help reduce the social stigma of unemployment for the over 45 age group.

**Recommendation for No.4**

Increased flexibility of employment arrangements may meet some of the needs of the over 45s. The government should also acknowledge that public funded income support can form part of these flexibility arrangements.

**Recommendation for No.5**

The AEDC believes that stereotypes should not be reinforced and that many older unemployed people have high financial and family commitments; which will require an ongoing appropriate level of income. However some older people who cannot find full time work should be encouraged to ease into part-time work or working from home as a longer term acceptable alternative to being unemployed. The part-time philosophy could in many cases even be offered while people are still employed by educating them and their employers regarding the benefits of job sharing. By gaining or retaining part-time work, older workers also retain the status and self worth of meaningful employment.

**Recommendation for No.6**

Introduce a support service for longer term unemployed older people to help them consider alternative options available to them. Such a service could offer financial incentives where training was pursued which addressed a national or locally identified skill shortage

**Recommendation for No.7**

Educate people about alternative options which may apply to them. For example, home based income generating activities are undergoing a period of massive growth due to improved technology. Retraining people to take advantage of these opportunities may provide a viable alternative to traditional employment.

Where people have been unemployed for a significant period of time, offering a financial or tax incentive payable to stay off income support for a period of time (eg. 3 or 6 months) by staying in employment. If unemployed older workers are offered this incentive it may be an inducement to consider other work options, relocation or re-training. Alternatively incentives could be directed to employers to ensure maintenance of position.

#### **Recommendation for No.8**

- a) Increase support to establish indigenous enterprises aiming for self-sufficiency should be a priority.
- b) The Job Network must be directed to effectively service this client group

#### **Recommendation for No.9**

Job Network service should be structured to empower jobseekers to manage their “work placements” and access new areas of potential employment

#### **Recommendation for No.10**

Job Network providers should consider these transport issues when job matching. Measures which enable access to low, or no interest loans for the purchase or maintenance of a vehicle could be considered. The justification for these measures could be considered in the same context as the tax payer supported public transport systems in metropolitan areas.

#### **Recommendation for No.11**

Continue to incorporate the enhancing of jobsearch techniques into all labour market intervention activities.

#### **Recommendation for No.12**

- Investigate, as a matter of urgent priority, the development of a program to reward employers who take on mature workers (Perhaps structured similarly Traineeships)
- Modify traineeship financial incentives to encourage employers to consider older jobseekers and/or those with similar, but outdated, qualifications who may require re-skilling.

#### **Recommendation for No.14**

Restructure the income test for unemployed people so that it is financially more attractive to accept part-time work or commence a part-time business as a step towards establishing their own sustainable income. This could incorporate a sliding scale providing higher thresholds for longer term unemployed thus increasing the incentive for them to seek and accept employment opportunities

### **Recommendation for No.15**

One way to combat discrimination to the over 45s may be to provide special taxation incentives for employers who retain disadvantaged workers for at least 6 months.

### **Recommendation for No.16**

Develop and implement an education process to increase the capacity of both parties to more objectively assess work performance expectations, and to develop corrective processes other than termination. Where these processes are more visible the incidence of unfair dismissal action should be reduced.

### **Recommendation for No.17**

Training should be factored into Workplace Agreement negotiation for all parties. Employment brokers should be encouraged to provide this training to their clients

### **Recommendation for No.18**

- a) Introduce measures to ensure the benefits available through Austudy and Abstudy are known.
- b) Financial incentives, which encourage the longer-term unemployed to undertake training, should be highlighted. Incentives could also be scaled proportionately to the impact the training is likely to have on employment prospects with the highest incentives linked to identified national and local skill shortages.
- c) Support the post secondary systems in extending the “learning culture” throughout the community.
- d) Introduce measures to encourage accessing the formal recognition of the skills possessed by older workers.

### **Recommendation for No.19**

There is a need to encourage more flexibility in how workers perceive their future employment options. Income support measures need to more actively encourage the acceptance of part-time and casual employment opportunities. Work, which is of community benefit, should also be actively promoted and participation encouraged through financial incentives.

## **SECTION 2**

### **Recommendation for No.1**

Information should be funnelled through a one-stop shop arrangement, and made available to every new business when their name is registered and when businesses are transferred to new owners. Businesses information could also be issued to people handed retrenchment notices.

This could be done through a Statewide or National Directory compiled and updated through a contracted agency in each region and funded by Government. Corporate Affairs or an equivalent body could do this. It has also been suggested that the Australian Taxation Office could also send information out to each new business and home based enterprise identified by the taxation system.

Given rural Australia is predominantly a small firms economy, assistance should be directed to provide initial help in considering options. This assistance should be made available to all, not just those on income support.

### **Recommendation for No.7**

Federal funds could be directed towards further development and expansion of these mentoring programs, eg. by appointing a coordinator through the local Chamber of Commerce, Centrelink, Rotary or other service groups. We believe that this has been trialed in six pilots in NSW and Victoria and we suggest it should now be introduced Australia wide.

### **Recommendation for No.8**

Governments should redirect labour market funding to all assistance programs targeting self-employment and people seeking to establish a small business, including those not eligible to receive income support.

### **Recommendation for No.11**

Research opportunities identified through previously conducted opportunity audits need to be marketed more extensively to the wider community.

### **Recommendation for No.12**

Provide specialised and targeted training for people in rural and remote locations.