
The Parliament of the Commonwealth of Australia

Working for Australia's future:
Increasing participation in the
workforce

House of Representatives Standing Committee on Employment, Workplace
Relations and Workforce Participation

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Contents

Foreword	viii
Membership of the Committee	xi
Terms of reference	xiii
List of abbreviations	xiv
List of recommendations	xvii

THE REPORT

1 Introduction	1
Aims of the report	2
The Committee's inquiry and terms of reference	3
The structure of the report	5
Definitions	5
2 Trends in workforce participation	7
Maintaining and improving economic growth	7
Population trends	8
Mortality and fertility trends	9
Inward and outward migration	10
Productivity growth	13
Participation rates	16
Unemployed and underemployed	16
Male and female participation rates	28
Mature age workers	38
Parents and carers	42

Indigenous Australians	45
People with a disability	50
Migrants	54
In summary	54
3 Enough jobs.....	57
Job creation strategies.....	61
Public services	61
Intermediate labour market	61
Labour market reform.....	64
Assistance and incentives	75
Employer incentives	75
Taxation measures.....	78
Small business	80
Black economy.....	81
Over-employment.....	81
Encouraging employment opportunities for people with a disability	82
Occupational health and safety	84
Australian companies moving jobs offshore.....	85
Rural and regional areas	85
In summary	88
4 Welfare and labour market reform.....	91
Labour market	92
Community development job guarantee.....	93
Work for the Dole	94
Deregulation.....	95
Skills shortages.....	97
Growth in income support.....	101
Approaches to address high levels of income support	103
Incentives	105
Maximum rates of payments	106
Working credit	108
Tax reform.....	109

Assistance	115
Job Seeker Accounts	118
Obligations	119
Achieving compliance and breaching	121
In summary	123
5 Targeted approaches to increasing employment	127
Long-term unemployed	128
Mature age workers	131
Retaining older workers	133
Changing attitudes around mature age workers.....	137
Training	141
Parents and carers	146
Family friendly workplaces	146
Indigenous Australians	151
Employment programs and projects.....	153
People with a disability	157
Growth in Disability Support Pension	159
Employment strategies.....	160
Workplace Modification Scheme	164
Changing attitudes	166
Recruitment services for people with a disability.....	169
Training and education.....	171
Employment opportunities.....	172
Migrants	173
Regional migration	178
Young people	179
Apprenticeships.....	180
In summary	184
6 Conclusion	185
Client Groups	187
Mature age workers	187
Parents and carers.....	188

Indigenous Australians	188
People with a disability	189
Broader issues	190

DISSENTING REPORT

Mr Brendan O'Connor MP, Mr Tony Burke MP, Ms Annette Ellis MP, Ms Jill Hall MP

Reasons for Opposing Recommendations:.....	195
Employment conditions	195
Casual and part-time employment	196
Disability Support Pension	198

APPENDICES

Appendix A: Conduct of the inquiry.....	201
Appendix B: List of submissions	203
Appendix C: List of exhibits.....	209
Appendix D: List of hearings and witnesses.....	219
Appendix E: Glossary	231
Definitions of employment	231
Unemployment and under-employment	231
Casual and/or part-time.....	232
General definitions	233
Appendix F: Main income support payments and allowances.....	239
Appendix G: Other inquiries on ageing and workforce participation.....	241

LIST OF TABLES

Table 2.1	Casual employees from 1988 to 2003	23
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LIST OF FIGURES

Figure 2.1	Change in share of total employment by industry	15
Figure 2.2	Unemployment rate, Australia	17
Figure 2.3	Unemployment rates for capital city and regional areas, 1987 – 2004	19
Figure 2.4	Participation rates by gender, Australia	29
Figure 2.5	Participation rates in OECD countries 2003	30
Figure 2.6	Labour force participation rates, persons aged 15 years and over	31
Figure 2.7	Indigenous and non-Indigenous part-time employment, 2001	47
Figure 4.1	Number of selected income support recipients.	102
Figure 5.1	Preferred age group when recruiting and selecting employees	140



Foreword

Since the early nineties Australia has experienced an unprecedented level of economic growth. The fourteen consecutive years of growth has been accompanied by record low interest rates, low inflation and low unemployment. It is a record which would be the envy of most developed nations. Despite such economic prosperity, the next twenty-five years will see Australia under increasing pressure as it competes in a freer global market environment – where competition will be aggressive not just for our natural resources, manufactured goods and services but importantly for our greatest asset – our labour force.

It has been stated to our committee that by 2030 Australia will have over 500 000 jobs with no one to fill them. A combination of skill shortages in key industry sectors, ageing of the workforce, falling fertility levels and the need for continuing productivity improvements will place even greater stress on Australia to lift its participation rate from its current 63.8 per cent.

The problems facing Australia due to the ageing of its population have been the cause of numerous studies and government reports. The most prominent is the Treasurer's *Inter-Generational Report* and the soon to be released Productivity Commission's report. The subsequent release of numerous state and federal government's policy initiatives in the last few months has meant that many of the initial findings of this inquiry and intended recommendations have either been superseded or partially addressed.

The committee heard a range of evidence on the causes of Australia's declining participation levels, its resulting consequences and suggested programs for its resolution.

Participation in the workforce is much more than a series of statistics about unemployment rates, or youth training and apprenticeships, or numbers of people receiving income support.

Participation in the workforce is about assisting Australians to be financially independent and secure in their futures, overcoming social isolation, providing

opportunities for all people to contribute, and valuing the contribution that they are able to make.

Increasing participation is also about the economic security of Australia – ensuring we have the skilled workers to take on new jobs and drive growth across the industries and services that are key to our future.

In times of low unemployment, there is more focus on assisting those people who face specific challenges to entering the workforce. This includes the long term unemployed, mature age workers, Aboriginal and Torres Strait Islander peoples, youth, some migrants entering Australia on humanitarian or family grounds, and people with a disability. We speak of these groups as ‘disadvantaged’ – but perhaps that is the easy way out. The responsibility for increasing participation for all people rests with all people – with governments, employers, businesses, unions, and community groups as well as those seeking work.

People are only disadvantaged if we do not take up the challenge of removing barriers and providing the incentives and assistance needed to encourage their participation. Any assistance must be targeted and delivered in an appropriate and accessible manner. Incentives need to be directed at people who seek work or are capable of entering the workforce. In addition, incentives are needed for employers and businesses to overcome barriers to employing certain groups, such as mature age workers or people with disability.

This report acknowledges the shared responsibilities and sets out clear initiatives to address some of the barriers faced. The report also sets out that change will require the cooperation of state and territory governments, businesses, unions and community groups.

Recommendations that highlight the need for more holistic approaches to labour market programs and intensive support assistance refer to the cooperation between agencies that is required to achieve this. Other recommendations consider ways to facilitate the transition into work for targeted groups who may have multiple caring responsibilities, or social or physical difficulties, or skill needs. There are also particular challenges to developing community supported approaches to increasing workforce participation in Aboriginal and Torres Strait Islander populations.

In many ways, this report is indicative of the type of cooperation and commitment that is required to achieve change and improve outcomes for disadvantaged groups. Workplace relations and industrial reform are always charged political issues with a diversity of views and approaches. It is a credit to the members of the Committee in the 40th and the 41st Parliament that all worked together in a unified manner to canvas views from as wide a range of witnesses as possible.

The task of preparing the report was complicated by the dissolution of the 40th Parliament and the formation of a new Committee in December 2004. The commitment of members to progressing this report through to tabling in a new Parliament indicates the importance of this issue to both government and non-government members.

There has been some dissent on party lines with three of the recommendations – those that deal with industrial reform and the disability support pension. However, there is unified support for the majority of the recommendations. Given the attention in recent months to workforce participation, the Committee anticipates a timely response from the Australian Government in taking up the initiatives put forward.

We all need to work at increasing participation in paid employment. When we work to achieve that, we are working for Australia.

Mr Phillip Barresi MP
Chair



Membership of the Committee

41st Parliament

Chair Mr Phillip Barresi MP

Deputy Chair Mr Brendan O'Connor MP

Members Mr Mark Baker MP Mr Stuart Henry MP
Mr Tony Burke MP Mrs Margaret May MP
Ms Annette Ellis MP Mr Don Randall MP
Ms Jill Hall MP Mr Ross Vasta MP

40th Parliament

Chair Mr Phillip Barresi MP (from 5 Nov 03)
Mrs De-Anne Kelly MP (to 4 Nov 03)

Deputy Chair Ms Maria Vamvakinou MP (Deputy Chair from 18 Feb 04)
Hon Arch Bevis MP (to 16 Feb 04)

Members Mr Phillip Barresi MP Mr Brendan O'Connor MP
(until 26 Sept 02) (from 16 Feb 04)
Mr Peter Dutton MP Ms Sophie Panopoulos MP
Ms Jill Hall MP Mr Don Randall MP (from 19 Aug 02)
Mr Luke Hartsuyker MP Mr Alby Schultz MP (until 19 Aug 02)
Mr Jim Lloyd MP Ms Maria Vamvakinou MP
(from 26 Sept 02) Mr Kim Wilkie MP

Committee Secretariat

41st Parliament

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Inquiry Secretary	Ms Alison Childs
Research Officers	Ms Rachelle Mitchell Mr Anthony Overs
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40th Parliament

Secretary	Mr Richard Selth
Inquiry Secretary	Ms Cheryl Scarlett
Research Officers	Ms Adriana Ballardin Ms Alison Childs
Administrative Officers	Mrs Gaye Milner Mr Peter Ratas



Terms of reference

Inquiry into Employment: increasing participation in paid work

On 25 June 2003 the Minister for Employment and Workplace Relations, the Hon Tony Abbott MP, asked the Committee to inquire into and report on employment issues in relation to increasing participation in paid work.

Terms of reference

The Committee is to inquire into and report on employment issues in both rural/regional and urban/outer suburban areas with particular reference to:

- measures that can be implemented to increase the level of participation in paid work in Australia; and
- how a balance of assistance, incentives and obligations can increase participation, for income support recipients.

With a focus on employment, there are also links to the working age payment reform process initiated with the joint release of the *Building a simpler system to help jobless families and individuals* consultation paper by the Minister for Family and Community Services and the Minister for Employment and Workplace Relations, and to the Demographic Change process which is addressing the issues raised in the *Intergenerational Report 2002-03* which was released by the Treasurer.



List of abbreviations

ABS	Australian Bureau of Statistics
AIMM	Australasian Institute of Mining and Metallurgy
ANTA	Australian National Training Authority
ACCI	Australian Chamber of Commerce and Industry
AIG	Australian Industry Group
ACOSS	Australian Council of Social Services
ACTU	Australian Council of Trade Unions
AIMS	Australian Institute of Medical Scientists
BCA	Blind Citizens Australia
BITES	Basic IT Enabling Skills
BSL	Brotherhood of St Laurence
COTA NSP	Council of the Ageing National Seniors Partnership
COTA NSW	Council of the Ageing (NSW)
CDEP	Community Development Employment Projects
CIS	Centre for Independent Studies
CofFEE	Centre of Full Employment and Equity
CRS	Commonwealth Rehabilitation Service Australia

DEA	Disability Employment Assistance
DEST	Department of Education, Science and Training
DEWR	Department of Employment and Workplace Relations
DIMIA	Department of Immigration and Multicultural and Indigenous Affairs
DSP	Disability Support Pension
EITC	Earned Income Tax Credit
EMAD	Employers Making a Difference
EMTR	Effective Marginal Tax Rate
FaCS	Department of Family and Community Services
FBT	Fringe Benefits Tax
GDP	Gross Domestic Product
HECS	Higher Education Contribution Scheme
IGR	Intergenerational Report, 2002-03, Budget Paper No. 5
ILM	Intermediate Labour Market
IPE	Institute for Private Enterprise
JSCM	Joint Standing Committee on Migration
NARGA	National Association of Retail Grocers of Australia
NATSEM	National Centre for Social and Economic Modelling
NEDA	National Ethnic Disability Alliance
NESB	Non-English Speaking Background
NFF	National Farmers Federation
OECD	Organisation for Economic Co-operation and Development
PDCA	Physical Disability Council of Australia

R&D	Research and Development
RCSA	Recruiting and Consulting Services Australia
RPL	Recognition of Prior Learning
RSB	Royal Society for the Blind South Australia
SCRGSP	Steering Committee for the Review of Government Service Provision
SDAEA	Shop Distributive and Allied Employees Association
STEP	Structured Training and Employment Projects
TAFE	Technical and Further Education
TFR	Total Fertility Rates
USU	United Services Union
VET	Vocational Education and Training
WEL WA	Women's Electoral Lobby (WA)
WEPAU	Women's Economic Policy Analysis Unit Curtin University of Technology
WWDA	Women With Disabilities in Australia



List of recommendations

Chapter 4 – Welfare and labour market reform

Recommendation 1 - Paragraph 4.18

The Committee recommends that the Australian Government pursue strategies for further award simplification by reducing the number of allowable matters and encouraging greater workplace customisation to suit industry and regional conditions.

Recommendation 2 - Paragraph 4.31

The Committee recommends that the Australian Government in cooperation with the State and Territory governments, industry, unions and educational bodies expand programs to maximise the uptake of apprenticeships in areas of skills shortages and ensure that the training is relevant to the apprentices, the businesses and the industry.

Recommendation 3 - Paragraph 4.32

The Committee recommends the Australian Government establish, as a priority, a dedicated cross-portfolio approach to develop a coordinated long-term strategy, including a series of newly funded programs and defined outcomes, to address national skills shortages.

Recommendation 4 - Paragraph 4.79

The Committee recommends that the Australian Government review the tax free threshold, taper rates, effective marginal tax rates and income test stacking to maximise incentives to move from income support payments to increased participation in paid work.

Chapter 5 - Targeted approaches

Recommendation 5 - Paragraph 5.3

The Committee recommends that the Australian Government undertake additional data collection to address deficiencies in definitions, which will provide a more comprehensive overview of current labour market and workforce participation characteristics.

Recommendation 6 - Paragraph 5.12

The Committee recommends that the Australian Government work with local, State and Territory governments, business, union and community organisations to invest in more holistic pilot projects which combine personal support, paid work experience, pre-vocational training, employment assistance, traineeships and post-placement support for the long-term unemployed.

Recommendation 7 - Paragraph 5.12

The Committee recommends that the Australian Government initiate further cross portfolio coordination to increase the provision of places in holistic type projects (through the Personal Support Program, Green Corps and traineeship programs) which assist the long-term unemployed enter the labour force, and in particular seek to address skills shortages in rural and regional areas.

Recommendation 8 - Paragraph 5.28

The Committee recommends that the Australian Government extend eligibility for Intensive Support assistance to mature age workers (who are not on income support and who meet the asset and income tests) who are assessed as being at risk of long-term unemployment.

Recommendation 9 - Paragraph 5.30

The Committee recommends that the Australian Government examine mechanisms to remove barriers to the employment of part-time and casual employment in industrial awards and other industrial arrangements.

Recommendation 10 - Paragraph 5.62

The Committee recommends that the Australian Government extend the Transition to Work Program to those who have been out of work for less than 2 years, where they are deemed to face special disadvantage and it is considered that this program could be beneficial to the facilitation of their return to paid work.

Recommendation 11 - Paragraph 5.71

The Committee recommends that the Australian Government report on opportunities for government and employers to expand and improve current childcare assistance provisions and facilities for After School Care and Holiday Care programs.

Recommendation 12 - Paragraph 5.72

The Committee recommends that the Australian Government introduce Fringe Benefits Tax exemption for childcare services.

Recommendation 13 - Paragraph 5.75

The Committee recommends that the Australian Government review strategies for encouraging increased participation for Parenting Payment recipients.

Recommendation 14 - Paragraph 5.113

The Committee recommends that the Australian Government introduce increased work capacity provisions in determining eligibility for those in receipt of the Disability Support Pension.

Recommendation 15 - Paragraph 5.125

The Committee recommends that the Australian Government extend the eligibility criteria of the Workplace Modification Scheme to provide support for people with an assessed disability to enter the paid workforce where their capacity to work would be significantly improved by workplace modification.

Recommendation 16 - Paragraph 5.125

The Committee recommends that the Australian Government conduct an awareness-raising program to promote the Workplace Modification Scheme to employers and employment services providers.

Recommendation 17 - Paragraph 5.126

The Committee recommends that the Australian Government ensure that all funded employment services are aware of the obligation to provide Auslan interpreters for deaf clients attending job interviews.

Recommendation 18 - Paragraph 5.127

The Committee recommends that the Australian Government extend eligibility for the Workplace Modification Scheme to part-time and casual positions.

Recommendation 19 - Paragraph 5.137

The Committee recommends that the Australian Government review the Jobs in Jeopardy program (to ensure improved access to this program), in terms of its use, eligibility criteria and effectiveness in assisting people with chronic illnesses to remain in employment.

Recommendation 20 - Paragraph 5.143

The Committee recommends that the Australian Government, in consultation with the peak disability agencies, recruitment services and business and industry organisations, develop guidelines on appropriate criteria and protocols for the recruitment of people with a disability.

Recommendation 21 - Paragraph 5.147

The Committee recommends that Commonwealth, State and Territory agencies improve the transition assistance available from education to work or to further training through more coordinated work placement support and the links between workplace coordinators and disability employment services.

Recommendation 22 - Paragraph 5.150

The Committee recommends that the Australian Government develop a consistent and standardised reporting system to:

- report on trend data for the number of people with a disability being employed by the Australian Public Service; and
- implement strategies to improve participation of people with disabilities in the Australian Public Service.

Recommendation 23 - Paragraph 5.184

The Committee recommends that the Australian Government, in cooperation with State and Territory Governments, industry, unions and educational bodies, review the Recognition of Prior Learning for school based and mature age apprenticeships programs to develop a standardised and coordinated approach that gives credit for and allows transference between all appropriate forms of curriculum and workplace training.

1

Introduction

- 1.1 Paid employment is important in reducing social disadvantage and poverty, and improving living standards. Australia's population is ageing and steps must be taken to ensure that the economy can sustain the expenditure needed in the future for health, aged care and aged pensions. Therefore, there are both social and national economic reasons for increasing participation in paid work.
- 1.2 The St Vincent de Paul Society has expressed concern for an unacceptable proportion of the community and workforce that cannot achieve a satisfactory standard of living and has no or insufficient provision for old age. There are also intergenerational benefits from employment, with evidence of children doing better in later life if their parents are employed. The benefits from participation in paid work include:
- ... higher degrees of self-sufficiency for individuals and households in providing an adequate standard of living, including provision for old age, health and annual leave; improved self-esteem and health, ...¹
- 1.3 The Committee believes that people able to participate in the workforce should have the opportunity to do so as there are desirable social and business outcomes.

Population ageing will also bring opportunities for people who currently do not participate in paid employment and will provide them with more opportunities to do so. This makes it all the more important to ensure that people are ready and able to take advantage of those opportunities as they arise.²

1 Mr John Wicks, Vice President, National Social Justice Committee, St Vincent de Paul Society, *Transcript of Evidence*, 19 March 2004, p. 59.

2 Ms Serena Wilson, Executive Director, Welfare Reform, Department of Family and Community Services, *Transcript of Evidence*, 26 November 2003, p. 1.

- 1.4 It has been suggested that some of the debates about addressing joblessness are too simplistic. The Australian Council of Social Services (ACOSS) argued that a comprehensive array of initiatives is needed to meet the needs of young people, people with disabilities, Indigenous people and primary care givers returning to the workforce, as well as older people. National aggregates, averages and the overall picture mask the different circumstances of the various segments of the population.³ A carefully tailored approach is required for each segment of the population, to address their needs across the range of government responsibilities such as labour market changes and workplace relations, education and training, health, welfare reform and tax reform.⁴
- 1.5 This tailored approach is in conjunction with a national focus on meeting the needs of Australia in competing internationally. For a nation that is increasingly competing in overseas markets, there is a need for higher levels of production of goods and services. These higher levels result in increased revenues for government and reduced calls on welfare payments, enabling higher expenditure in other crucial areas such as for an increasingly ageing population. Clearly this is not an easy task, and the differing perspectives of various bodies participating in the inquiry are evidence of such complexity.

Aims of the report

- 1.6 The Australian Government is considering a number of critical issues that Australia will face in the next few decades as the population ages. The focus of this inquiry is on participation in paid employment and includes the 'hidden' unemployed who are not receiving income support but are seeking employment or who would like to work more hours than are currently available.
- 1.7 This report identifies strategies to assist income support recipients to act on their potential to participate more fully in the workplace. Increased participation can facilitate the improvement of the social and economic situation for many people and the communities in which they live. The

3 Mr Philip O'Donoghue, Acting Director, Australian Council of Social Service, *Transcript of Evidence*, 28 January 2004, p. 2.

4 Treasury, *Submission No. 73*, pp. 7-11; Department of Employment and Workplace Relations, *Submission No. 72*, p. 2; Professor Peter Saunders, Social Research Director, Centre for Independent Studies, *Transcript of Evidence*, 27 January 2004, p. 40; Mr Peter Anderson, Director, Workplace Policy, Australian Chamber of Commerce and Industry, *Transcript of Evidence*, 5 November 2003, p. 2.

report provides the Parliament with a further insight into the issues and the challenges facing the nation, to develop initiatives that will enhance our capacity to maintain our standard of living when faced with an ageing population.

- 1.8 Additionally, the report aims to identify strategies to encourage greater participation through a cooperative whole of government and partnership approach with individuals, community organisations and business:

This can only be achieved by governments, parliaments, employers and the broader community, including employees and trade unions, working with the private sector to create more jobs and job opportunities.⁵

- 1.9 To address barriers to participation that have been identified with the above groups, Treasury believes there are five key policy areas which need to be addressed to increase the participation rate which are considered in this report. These are:

- improving education and skills;
- links with the income support system;
- workplace relations;
- health; and
- retirement income.⁶

- 1.10 Other suggested ways to improve participation include providing a range of working arrangements and choices in the work environment and providing more support for individuals with caring responsibilities.⁷ These policy areas will be discussed in more detail in later chapters.

The Committee's inquiry and terms of reference

- 1.11 On 25 June 2003 the then Minister for Employment and Workplace Relations, The Hon Tony Abbott MP, requested that the House of Representatives Standing Committee on Employment and Workplace Relations inquire into and report on employment issues in both

5 Mr Peter Anderson, Director, Workplace Policy, Australian Chamber of Commerce and Industry, *Transcript of Evidence*, 5 November 2003, pp. 2-3.

6 Mr David Tune, General Manager, Social Policy Division, Treasury, *Transcript of Evidence*, 8 October 2003, pp. 2-3.

7 Department of Family and Community Services, *Submission No. 99*, pp. 20-22.

rural/regional and urban/outer suburban areas, with particular reference to:

- measures that can be implemented to increase the level of participation in paid work in Australia; and
- how a balance of assistance, incentives and obligations can increase participation, for income support recipients.

- 1.12 The Minister also noted the links to the Australian Government's priorities including the reforming the payment process for the working age with the release of the *Building a simpler system to help jobless families and individuals*⁸ consultation process and the Demographic Change process which is addressing the issues raised in the *Intergenerational Report 2002-03 (IGR)*.⁹ In February 2004, the Treasurer released the *Australia's Demographic Challenges* discussion paper.¹⁰
- 1.13 The inquiry was not completed before the federal election in 2004, and lapsed with the dissolution of the 40th Parliament.
- 1.14 In the 41st Parliament, the Minister for Employment and Workplace Relations, The Hon Kevin Andrews MP, re-referred to the Standing Committee on Employment, Workplace Relations and Workforce Participation the inquiry into increasing paid participation in employment. The inquiry terms of reference are identical to those referred in the previous Parliament and the committee has drawn on the evidence collected during the course of the previous Parliament.
- 1.15 For this inquiry the committee has considered evidence from over 100 submissions and has conducted more than 20 public hearings around Australia.
- 1.16 In addition, there has been considerable recent consultation and discussion on subjects relevant to this inquiry. The Australian Industry Group (AIG) commented that it has participated in over 550 inquiries into ageing and workforce participation.¹¹ It is anticipated that this inquiry will contribute to the public discussion on these issues and inform future policy and legislative change.

8 Department of Family and Community Services (2002) *Building a simpler system to help jobless families and individuals*.

9 Australian Government (2002) *Intergenerational Report 2002-03*, Budget Paper No. 5.

10 Treasury (2004) *Australia's Demographic Challenges*.

11 Dr Peter Burn, Senior National Adviser, Economics and Industry Policy, Australian Industry Group, *Transcript of Evidence*, 27 January 2004, p. 12. See Appendix G for a list of other inquiries on ageing and workforce participation.

The structure of the report

- 1.17 Chapter 1 provides an introduction and background to the inquiry.
- 1.18 Chapter 2 discusses trends in workforce participation, outlining significant national trends in employment.
- 1.19 Chapter 3 looks at job supply and job creation strategies. There are a number of options discussed which have the potential to increase employment opportunities, including labour market reform, incentives and assistance for employers, and job creation measures.
- 1.20 Chapter 4 examines welfare and labour market reforms, outlining the reform process, and the balance of assistance, incentives and obligations so that income support recipients can increase their participation in paid work to their fullest potential. It also considers reforms to labour market programs and addresses some issues associated with skill shortages.
- 1.21 Chapter 5 discusses targeted approaches to increasing employment. The barriers facing each of the major groups - unemployed, young people, parents entering or returning to the workforce, mature aged workers, people with a disability, Indigenous people and migrants - are discussed separately to emphasise the need for programs that assist and support people in their job search to be individually tailored.
- 1.22 Chapter 6 reviews the challenges facing Australia in terms of participation rates, and summarises the issues and strategies identified in the report, particularly in light of recent pilot program reviews and Australian Government announcements.

Definitions

- 1.23 Appendix E provides a glossary of terms, with detailed definitions of unemployment, under-employment, casual and part-time. The appendix also features a list of terms used throughout the report.

2

Trends in workforce participation

- 2.1 Three factors that impact on economic growth are reviewed in this chapter: population, productivity and participation. Changes in fertility, life expectancy and migration provide the background for an identified need to improve participation rates to address a projected fiscal gap in 2040. Changes in participation rates since the 1960s demonstrate increasing rates of participation for women, but reduced participation for men. Accompanying reduced participation is an increase in the number of income support recipients even though the economy has shown significant growth.

Maintaining and improving economic growth

- 2.2 The aim of recent initiatives by the Australian Government has been to boost Australia's economic growth potential, and address the potential impact of the ageing of the population through increased labour force participation and productivity.¹ Reforms in the context of what has been described as a more solid macroeconomic environment include:

... reducing welfare traps for those receiving family tax benefits and deliver tax cuts that will increase the reward from working. The Budget also contains initiatives that increase investment in education, health, innovation and infrastructure that will assist participation and productivity.²

1 Australian Government (2004) *Budget 2004-05, Budget Paper No. 1, Statement 1: Fiscal Strategy and Budget Priorities*, p. 1.

2 Australian Government (2004) *Budget 2004-05, Budget Paper No. 1, Statement 4: Maintaining Low Unemployment in Australia*, p. 1.

- 2.3 The key factors that influence economic growth as measured by Gross Domestic Product (GDP) per capita growth are:
- population, influenced by population age structure;
 - productivity; and
 - participation as measured by labour force participation, unemployment, and average hours worked.³

Population trends

- 2.4 The Department of Employment and Workplace Relations (DEWR) reported that:

Trends in fertility, mortality and migration will have a significant influence on Australia's future population size and structure and hence on the composition and size of its labour force.⁴

- 2.5 Fertility and mortality rates have been declining in Australia and other industrialised countries from the 1920s. The total fertility rate (TFR) fell below the replacement rate of 2.1 in 1976, and since then has remained below the replacement rate. Since 1998, the TFR has remained steady, varying between 1.73 and 1.76. In 2003, Australia's TFR was 1.75 babies per woman.⁵ Life expectancy has also increased. In 1960 life expectancy for males at birth was around 68 years. Today it is 78 years, and in 2042 the IGR projects it to be around 83 years. Similar increases in life expectancy have occurred for females.⁶
- 2.6 With fewer babies being born, and more people living longer, the population will get progressively older. The IGR projects that by 2042, the number of young (0 to 14 years) dependent people is projected to fall by

3 Treasury, *Submission No. 73*, p. 3. There are different measures used when discussing working age population and encouraging labour force participation. The ratio of working age population is the proportion of the total population that is of working age (15 to 64 years). Labour force participation rate measures the proportion of adult civilians aged 15 years and over that is participating in the labour force (i.e. either employed or unemployed and actively looking for work), Department of Employment and Workplace Relations, *Supplementary Submission No. 72(a)*, p. 1.

4 Department of Employment and Workplace Relations, *Submission No. 72*, p. 3.

5 Australian Bureau of Statistics (2004) *Australian Historical Population Statistics*, (Cat. No. 3105.0.65.001), Table 39; Australian Bureau of Statistics (2003) *Births, Australia*, (Cat. No. 3301.0); Australian Government (2002) *Intergenerational Report, 2002-03, Budget Paper No. 5*, p. 21.

6 Treasury (2004), *Australia's Demographic Challenges*, Appendix, p. 20.

about five per cent. However, the proportion of the population aged over 65 years is expected to increase by more than 50 per cent over the next two decades.⁷

- 2.7 The IGR also indicates that, while overall demographic considerations will drive national outcomes, there will be differences between regions. For example, some regional areas attract retirees and will experience a more rapid ageing of their populations. In others areas there is migration of many young adults from rural and regional areas to the cities.
- 2.8 The demographic profile of Australia's Indigenous population is significantly different. In 2001 at the last census, 2.4 per cent of the Australian population was Indigenous (460 140 persons). Fifty-seven per cent are under 25 years of age compared to 34 per cent for the general population.⁸
- 2.9 Overall the fertility rate and reduced mortality, combined with a net immigration rate of 80 000 annually, should result in a stable population of about 25 million by about 2050.⁹ Projections indicate that the labour force will be about 11 million, which means that the ratio of working aged people to the total population will be lower than it is currently.¹⁰ The labour force projections, indicate an expected decrease in the ratio of the working age population from 67.1 per cent to 59.6 per cent, and the labour force participation rate from 63.8 per cent to just 50.8 per cent.¹¹

Mortality and fertility trends

- 2.10 It is expected that the ageing of Australia's population will result in a greater demand for health and aged care spending. The number of aged people over 85 is projected to quadruple by 2042, with a corresponding intensive use of services.¹²

7 Australian Government (2002) *The Intergenerational Report 2002-03, Budget Paper No. 5*, provides an overview of Australia's long-term demographic and economic prospects. The reader is referred to that report for background on modelling approaches and labour force projections.

8 Mr Scott Matheson, Acting Group Manager, Employment Analysis and Evaluation Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 September 2003, p. 5; Treasury (2004), *Australia's Demographic Challenges*, p. 19.

9 Department of Employment and Workplace Relations, *Submission No. 72*, p. 3.

10 Mr Scott Matheson, Acting Group Manager, Employment Analysis and Evaluation Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 September 2003, pp. 2-3.

11 Department of Employment and Workplace Relations, *Submission No. 72*, p. 4.

12 Australian Government (2004) *Productivity growth in Australian manufacturing*, p. 4.

- 2.11 The IGR projects that spending by the Australian Government will exceed the amount it raises in taxes by around five per cent of GDP by the year 2042.¹³ This fiscal gap would be in the order of \$40 billion, using 2003-04 figures. The Australian Government's preferred approach to address the shortfall is:

Increasing the size of the economy, while maintaining taxes as a proportion of GDP, and with the level of government expenditure remaining stable will allow the fiscal gap to be reduced or eliminated. Increasing participation will play a key role in growing the economy faster.¹⁴

- 2.12 If the policy settings are correct, Australia could achieve higher productivity growth and labour force participation rates above the projections based on current migration levels, life expectancy figures and fertility levels.¹⁵

- 2.13 Professor Ian McDonald questioned the extent of the demands that will be placed on government finances by an ageing population. He argued that better management of health practices should be addressed rather than requiring increased employment participation to finance additional health expenditures which are poorly organised and poorly allocated.¹⁶

Inward and outward migration

- 2.14 Increased migration of younger immigrants has to some extent slowed the rate of population ageing. The IGR noted that:

An influence with some offsetting effect on the rate of population ageing is Australia's net overseas migration. This is the number of permanent and long-term temporary arrivals minus permanent and long-term temporary departures. Over many years, Australia's net migration inflow has been younger on average than the resident population; this has slowed population ageing.¹⁷

13 Treasury (2004), *Australia's Demographic Challenges*, p. 1.

14 Treasury, *Submission No. 73*, p. 3.

15 Mr Scott Matheson, Acting Group Manager, Employment Analysis and Evaluation Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 September 2003, p. 3.

16 Professor Ian McDonald, *Transcript of Evidence*, 31 March 2004, pp. 13-14.

17 Australian Government (2002) *Intergenerational Report, 2002-03, Budget Paper No. 5*, Canberra, p. 21. Note: The report assumes net overseas migration will continue to be around 90,000 people per year, with the same age and gender mix currently.

- 2.15 The IGR noted that although Australia has a planned migration program which supports skilled migration, net migration is still likely to be affected by increased competition for skilled migrants amongst Organisation for Economic Cooperation and Development (OECD) countries, as they too come to terms with an ageing population.¹⁸
- 2.16 In a report commissioned by the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA), McDonald and Kippen made the following conclusions:
- Given current trends in fertility and mortality, annual net migration to Australia of at least 80,000 persons is necessary to avoid spiralling population decline and substantial falls in the size of the labour force. This level of annual net migration also makes a worthwhile and efficient contribution to the retardation of population ageing. Levels of annual net migration above 80,000 become increasingly ineffective and inefficient in the retardation of ageing.¹⁹
- 2.17 Immigration is considered an inefficient means of reducing the impact of ageing.²⁰ Enormous numbers of immigrants would be required, starting in 1998 at 200 000 per annum, rising to 4 million per annum by 2048 and to 30 million per annum by 2098 to keep the proportion of the Australian population who are aged 65 years and over at the current level of 12.2 per cent.²¹ In 2002-3, there were 120 595 permanent migrants entering Australia.²²
- 2.18 However, these aggregate figures do not indicate the impact on labour force participation. In some other OECD countries (for example the United States of America) the employment rate of all immigrant men is higher than for nationals. In Australia, overall the employment to population ratios of migrants in the main 'economic' visa categories are also high

18 Australian Government (2002) *Intergenerational Report, 2002-03, Budget Paper No. 5*, Canberra, p. 21.

19 McDonald P and Kippen R (1999) *Population Change: The impact of Immigration on the ageing of Australia's population*, Canberra, p. 21.

20 McDonald P and Kippen R (1999) *Population Change: The impact of Immigration on the ageing of Australia's population*, Canberra, p. 21; see also Population Division, Department of Economic and Social Affairs, United Nations Secretariat (2000) *Replacement Migration: Is it a solution to declining and ageing populations?* United Nations, p. 94.

21 McDonald P and Kippen R (1999) *Population Futures for Australia: The policy alternatives*, Research Paper 5 1999-2000, p. 10.

22 Department of Immigration and Multicultural and Indigenous Affairs *Fact Sheet 20: Migration Program Planning Levels* p. 2; Department of Immigration and Multicultural and Indigenous Affairs *Fact Sheet 60, Australia's Refugee and Humanitarian Program*, p. 4: Non-humanitarian (108 070) plus humanitarian (12 525).

compared to Australian averages. However, when humanitarian migrants are included Australia does not perform as well.²³

- 2.19 In addition to migrants coming to Australia, there is also an outflow of people intending to leave Australia for 12 months or longer, or permanently. Over the last five years the number of people born in Australia who left permanently doubled. In 2001-02 for the first time Australian-born permanent departures out-numbered former settlers leaving the nation. A similar pattern is present for long-term departures. In 2002-03, 50 463 intended to leave permanently, and over 170 000 left for over 12 months in 2001-02.²⁴
- 2.20 Departing residents tend to be younger with higher education and skill levels than the general population. Major destinations include the United Kingdom, North America and the European Union. Asian countries with developing economies such as Singapore are also attractive.²⁵
- 2.21 Overall, research conducted for DIMIA found that Australia experiences a brain gain in that there are net migration gains in all high-skill and high-qualification occupational categories. In addition, many expatriates eventually return to Australia and there are economic benefits in establishing overseas links and export opportunities.²⁶
- 2.22 However, there is a concern that businesses and jobs leaving Australia due to a lack of competitiveness in a global market is seen as a loss to economic growth. One concern is being unable to find the workers with skills that are needed in Australia.²⁷

23 Organisation for Economic Co-Operation and Development *Employment Outlook: Towards more and better jobs*, 2003, pp. 77, 86, 88; Mr Abul Rizvi, Migration and Temporary Entry Division, Department of Immigration and Multicultural and Indigenous Affairs, *Transcript of Evidence*, 2 June 2004, p. 15.

24 Department of Immigration and Multicultural and Indigenous Affairs, *Australian Immigration: Consolidated Statistics and Immigration Update*, various issues; Department of Immigration and Multicultural and Indigenous Affairs unpublished data cited in Hugo G (2004) *Leaving Australia: a new paradigm of international migration*, Research Note No. 54, Parliamentary Library, p. 1.

25 Department of Immigration and Multicultural and Indigenous Affairs, *Australian Immigration: Consolidated Statistics and Immigration Update*, various issues; Department of Immigration and Multicultural and Indigenous Affairs unpublished data cited in Hugo G (2004), *Leaving Australia: a new paradigm of international migration*, Research Note No. 54, Parliamentary Library, p. 1.

26 Birrell B, Dobson I, Rapson V & Smith T, *Skilled Labour: Gains and Losses*. Department of Immigration and Multicultural and Indigenous Affairs, Canberra, July 2001, p. 5.

27 Manpower Services (Australia) Pty Ltd, *Submission No. 78*, p. 10; Central Regional Development Board, *Submission No. 46*, p. 3.

Productivity growth

2.23 At a very broad level, productivity growth is used as a major indicator of the economic status of a nation. Productivity measures are often used to indicate the capacity of a nation to harness its human and physical resources to generate economic growth. Productivity measures the rate at which outputs of goods and services are produced per unit of input (labour, capital, raw materials, etc). Evidence of productivity growth usually means that better ways have been found to create more output from given inputs.²⁸

2.24 Productivity growth has been the major source of growth in GDP per capita. Treasury made the point that:

The projections included in the IGR were based on the 30-year average of productivity growth in the economy of about 1¾ per cent. If you can do better on productivity, that would obviously assist in generating more growth and hence provide a greater capacity to service the fiscal gap and, of course, generate increased wealth for the community at large.²⁹

2.25 Australia experienced improved labour productivity over the last decade, exceeding the OECD average for most years during the 1991-2000 period. However, it is still lower than that of the United States (83 per cent³⁰) so there can be further improvement.³¹

Australia has enjoyed an increase in productivity. We have had productivity rates twice the post-war average over the last few years. That has been the result of a combination of a lot of workplace reform, the application of ICT [Information and Communication Technology] to many industrial processes and high growth. We have not, though, nearly enough squeezed the productivity improvement out of education and training reform and we have not in any way squeezed the full potential out of the R&D innovation process.³²

28 Productivity Commission, (2003) *Productivity Primer*, p. 1,

29 Mr David Tune, General Manager, Social Policy Division, Treasury, *Transcript of Evidence*, 8 October 2003, pp. 1-2.

30 Mr David Tune, General Manager, Social Policy Division, Treasury, *Transcript of Evidence*, 26 May 2004, p. 14.

31 Mr David Tune, General Manager, Social Policy Division, Treasury, *Transcript of Evidence*, 8 October 2003, p. 2.

32 Mrs Heather Ridout, Deputy Chief Executive Officer, Australian Industry Group, *Transcript of Evidence*, 27 January 2004, p. 3.

2.26 AIG added that, as the projected growth in the workforce 'dries up', there will be implications for the future growth potential of the Australian economy.

It does not just threaten the economic growth; it threatens public budgets, ... health and aged care budgets - and it also threatens to impose quite severe skill shortages on our economy, which will also have an economic cost.³³

2.27 Productivity inputs are usually defined as labour (number of employees or hours of work), raw materials and capital (buildings, machinery and equipment). Productivity is therefore a function of the interaction of these variables. Important factors include technological change driven by research and development (R&D). Institutional and economic factors also play a key role in productivity growth, such as organisational change and industry restructuring, as well as economies of scale. These factors also include the reduction of tariff protection and the number of industrial disputes, as well as an increase in the proportion of persons with post-school qualifications in the workforce.³⁴

2.28 The rate of economic growth depends on the productivity growth and the growth of the workforce. Improvement in labour productivity occurs when:

- more capital is used per unit of labour input - capital deepening; and
- resources are used more efficiently to produce more from the same quantity of input - multifactor productivity.³⁵

2.29 The AIG suggests that to keep productivity growing, there needs to be a focus on productive workplaces, a better skills base and more research and development investment in Australian industry.

Australia and New Zealand are the only two OECD countries in which private sector investment in R&D is less than public sector investment. That is significant in itself, but the issue is that public

33 Mrs Heather Ridout, Deputy Chief Executive Officer, Australian Industry Group, *Transcript of Evidence*, 27 January 2004, p. 2.

34 Productivity Commission (2004) *Productivity growth in Australian manufacturing*, p. ix.

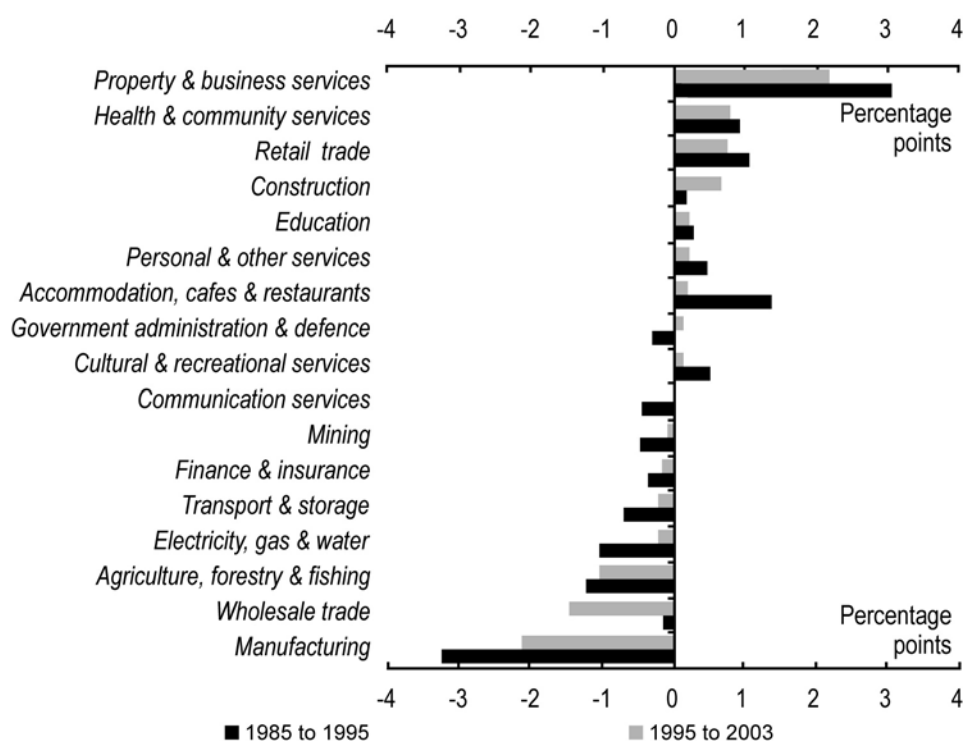
35 Total factor productivity is the most comprehensive measure of productivity, however in practice only capital and labour are considered due to data limitation about other factors of production. This is known as multifactor productivity (MFP): Department of Employment and Workplace Relations, *Supplementary Submission No. 72(a)*, p. 6.

sector investment gives you less payback in terms of economic growth ... than does private sector investment ...³⁶

2.30 Additionally, AIG suggests that strong investment in education and training provides a good skills base to assist Australia in attracting investment in the high-performing industries that create jobs. The types of jobs needed are those with linkages back into skilled and unskilled employment.³⁷

2.31 Figure 2.1 shows the change in total employment by industry.

Figure 2.1 Change in share of total employment by industry



Source Australian Bureau of Statistics, *Labour Force, Australia, Detailed* (Cat. No. 6291.0.55.001) Australian Government, *Budget 2004-05, Budget Paper No. 1, Statement 4: Maintaining Low Unemployment in Australia, Trends in the Unemployment Rate over Recent Decades*, p. 9.

2.32 In Australia's productivity surge, the demand for skilled workers increased faster than the demand for unskilled workers over the 1980s and 1990s. Skilled employment rose from 38 per cent of total employment in 1980 to around 58 per cent in 2000. However, the Productivity Commission

36 Mrs Heather Ridout, Deputy Chief Executive Officer, Australian Industry Group, *Transcript of Evidence*, 27 January 2004, p. 4.

37 Mrs Heather Ridout, Deputy Chief Executive Officer, Australian Industry Group, *Transcript of Evidence*, 27 January 2004, p. 2.

found that the contribution of skills to the increase in productivity has been relatively small compared to other factors such as increased working hours, information technology developments and economic growth. Nevertheless, education and skills clearly remain important for long-term growth. Australia's relatively high level of education may have contributed to the uptake of information and communication technologies in the 1990s, which made some contribution to the productivity growth.³⁸

Participation rates

- 2.33 The capacity to work involves a number of factors: available employment, the ability to perform the job and the motivation and/or confidence to participate in the workforce. As mentioned, groups of individuals have been identified that have the potential to participate more fully in the workforce with appropriate support and incentives. These include the long-term unemployed, young people, mature age workers, parents, Indigenous people, people with a disability and migrants.
- 2.34 Participation is defined as the extent to which the population is willing and able to work. This work may be full-time, part-time or casual.³⁹ The labour force participation rate is defined as the labour force (persons employed or unemployed) expressed as a percentage of the population. Labour force participation changes as people join or leave the labour force, and may be affected by other decisions such as combining work with study or family responsibilities.⁴⁰

Unemployed and underemployed

- 2.35 The unemployment rate is an indicator of the performance of Australia's economy. Unemployment or non-participation in the labour force is a key contributor to relative poverty. Income from regular employment provides a greater opportunity to save and invest for the future and to be more actively engaged in society.
- 2.36 The unemployment rate is influenced by a range of factors. These include:

38 Barnes P and Kennard S (2002) *Skill and Australia's Productivity Surge*, Productivity Commission Staff Research Paper, Canberra, pp. x, xi. Demand for skilled workers relative to unskilled workers is measured in terms of levels of educational attainment.

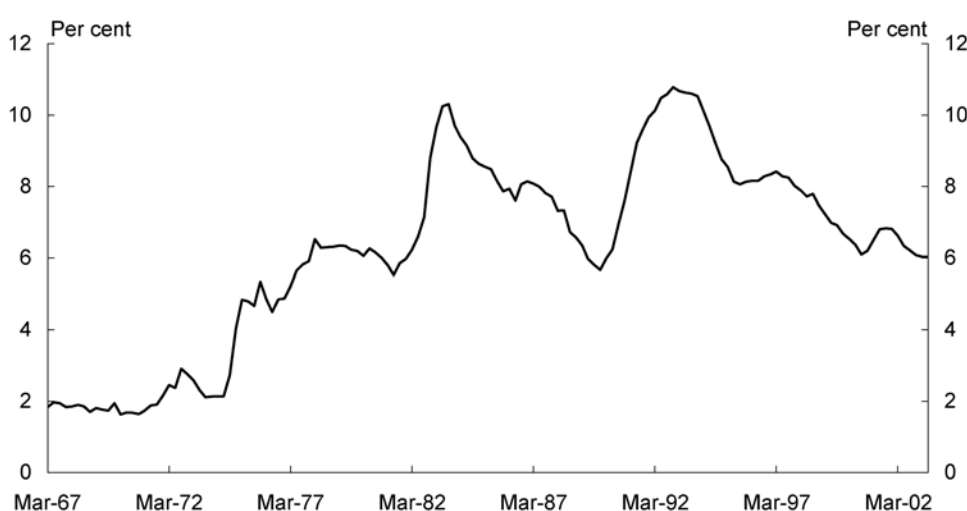
39 Treasury, *Submission No. 73*, p 60.

40 Australian Bureau of Statistics (2004) *Australian Labour Market Statistics - Feature Article - Labour force participation: international comparison* (Cat. No. 6105.0).

- the economic environment;
- the institutional and policy framework for the labour market; and
- social factors such as attitudes towards hours of work, willingness to move locations, and willingness to undertake further training.⁴¹

2.37 The unemployment rate in January 2005 was 5.1 per cent.⁴² Unemployment has averaged around 7.5 per cent over the period since the late 1970s, peaking with slowdowns in the economy. Figure 2.2 shows Australia's unemployment rate between 1967 and 2002.

Figure 2.2 Unemployment rate, Australia



Source Australian Bureau of Statistics, *Labour Force, Australia, Preliminary* (Cat. No. 6202.0, June 2003) as cited in *Treasury, Submission No. 73, p. 5*.

2.38 Australia's current unemployment rate is low relative to the experience of recent times in Australia. The OECD's Standardised Unemployment Rates for 2004 show that, in comparison to other OECD countries, Australia's unemployment rate is lower than the average of 6.9 per cent.⁴³

2.39 However, of the 28 OECD countries, 11 have a lower unemployment rate than Australia. Some examples of developed economies with lower rates than Australia include New Zealand (3.8 per cent in September 2004) and

41 Australian Government (2004) *Budget 2004-2005, Budget Paper No. 1. Statement 4: Maintaining Low Unemployment in Australia, Trends in the Unemployment Rate over Recent Decades, p. 1*.

42 Australian Bureau of Statistics (2005), *Labour Force Australia*, (Cat. No. 6202.0), Key Figures p. 1.

43 Organisation for Economic Co-Operation and Development (2005) *Standardised Unemployment Rates* published 11 February 2005.

Ireland (4.3 per cent in December 2004).⁴⁴ Although Australia's unemployment rate has fallen to 5.1 per cent in January 2005, there is scope to further lowering unemployment,⁴⁵ as well as addressing under-employment or hidden unemployment.

- 2.40 Teenage unemployment remains higher than in older age categories in many areas. In January 2005, the teenage (15 -19 years of age) unemployment rate was 14.9 per cent. Of particular concern is the identification of skill shortages in areas of significant youth unemployment.⁴⁶

Long-term unemployed

- 2.41 The current level of unemployment is now below the average of the past two decades. Compared to the 1990s, long-term unemployment has fallen to levels recorded prior to the 1992 recession.⁴⁷ In recent years, 21 per cent of unemployed experienced long-term unemployment (52 weeks and over). This rate had fallen from 1998-99 where the long-term unemployed represented 29.8 per cent of unemployed people.⁴⁸
- 2.42 Despite this, a significant number of people are on unemployment payments for long-term periods. Between May 1998 to July 2003, the Australian Government Department of Family and Community Services (FaCS) reported a 40 per cent increase in the number of income support recipients who have been unemployed for five or more years.⁴⁹ This is of concern as extended periods of unemployment are linked with greater difficulties in becoming self-reliant.⁵⁰

Regional unemployment rates

- 2.43 Generally, capital cities have had lower unemployment rates than regional areas. Particular labour markets, such as Sydney and Melbourne may be

44 Organisation for Economic Co-Operation and Development (2005) *Standardised Unemployment Rates* published 11 February 2005.

45 Australian Government, Budget 2004-05, *Budget Paper No. 1, Statement 4: Maintaining Low Unemployment in Australia*, p. 2.

46 National Farmers' Federation, *Submission No. 65*, p. 9.

47 Australian Bureau of Statistics (2005), *Year Book 2005*, (Cat. No. 1301.0), p. 187; Dr Elizabeth Webster, Senior Research Fellow, Melbourne Institute of Applied Economic and Social Research, University of Melbourne, *Transcript of Evidence*, 24 March 2004, p. 13.

48 Australian Bureau of Statistics (2005), *Year Book 2005*, (Cat. No. 1301.0), p. 188.

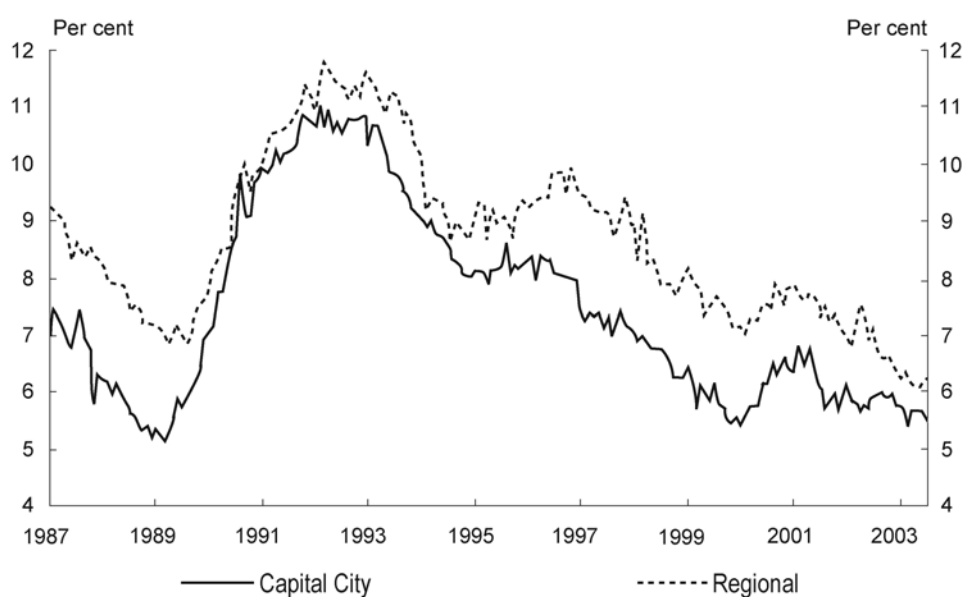
49 Department of Family and Community Services, *Submission No. 99*, p. 14.

50 Department of Family and Community Services, *Submission No. 99*, p. 14.

tight, with very low unemployment.⁵¹ Higher unemployment in regional areas associated with skill shortages has been a concern in recent times.⁵² Unemployment figures, however, do not include the distribution of working age people not in the labour force, for example those on other income support payments.⁵³

2.44 Figure 2.3 shows comparative unemployment rates for capital cities and regional areas in Australia, between 1987 and 2003.

Figure 2.3 Unemployment rates for capital city and regional areas, 1987 – 2004



Source Treasury calculation based on Australian Bureau of Statistics, *Labour Force, Australia, Detailed – Electronic Delivery* (Cat. No. 6291.0.55.001). Capital cities includes all State and Territory capitals except Darwin; regional includes the balance of Australia, Australian Government, *Budget 2004-05, Budget Paper No. 1, Statement 4: Maintaining Low Unemployment in Australia, Trends in the Unemployment Rate over Recent Decades*, p. 5.

2.45 As described earlier in this chapter, falling unemployment nation-wide has occurred, and this is reflected in falling unemployment also across regions. In 1997-98 there were 15 labour market areas (out of 59 regions for which Australian Bureau of Statistics produces estimates) that had

51 Australian Government, *Budget 2004-05, Budget Paper No. 1, Statement 4: Maintaining Low Unemployment in Australia, Trends in the Unemployment Rate over Recent Decades*, p. 11.

52 For example see Parliament of Australia (2003) *The Senate Employment, Workplace Relations and Education References Committee, Bridging the skills divide*, p. 14.

53 Department of Family and Community Services, *Submission No. 99*, p. 16.

unemployment rates above 10 per cent, while in December 2004 this number had fallen to only one region.⁵⁴

- 2.46 Those who are most likely to be unemployed include individuals of Indigenous origin, those from a non-English speaking background (NESB) or who lack labour market experience,⁵⁵ mature age people and people with disabilities.⁵⁶ The unemployment rate for 15-19 year olds is over double the national rate and is exacerbated for those with no schooling above Year 12.⁵⁷ There are also locational issues, with pockets of unemployment in particular regions or areas within cities:

... because of lack of employment opportunities and because industries have shut down. People on low incomes without jobs move to areas where housing is cheaper while households with two incomes, move to more affluent areas.⁵⁸

- 2.47 The Centre of Full Employment and Equity (CofFEE) noted that the average duration of unemployment in the late 1960s was three weeks, compared to 43 weeks in 2004, and for the long-term unemployed the average duration is 171 weeks.⁵⁹ Brotherhood of St Laurence (BSL) commented that since the early 1980s there has been a move to control inflation at the expense of achieving full employment.⁶⁰

Full employment now seems to have been abandoned as a policy goal, and employment policy focuses instead on full employability and supply-side measures such as labour market deregulation, and increasingly punitive labour market programs.⁶¹

- 2.48 Several European countries have sustained higher levels of long-term unemployment where there are regulated labour markets and centralised, well-developed social security systems, and Australia is not unique in this

54 Department of Family and Community Services, *Submission No. 99*, p. 15; Australian Bureau of Statistics (2004), *Labour Force, Australia*, (Cat. No. 6291.0.55.001), Detailed Electronic Delivery, Time Series Workbook, Table 16. Labour Force Statistics by Regions and Sex, August 2004.

55 Australian Government, *Budget 2004-05, Budget Paper No. 1, Statement 4: Maintaining Low Unemployment in Australia, The contribution of policy reforms to improved labour market performance*, p. 6.

56 Australian Council of Social Service, *Submission No. 74*, pp. 13-14.

57 Mrs Varina Nissen, Manager Director, Manpower Services (Australia), *Transcript of Evidence*, 28 January 2004, p. 19.

58 Australian Council of Social Service, *Submission No. 74*, p. 15.

59 Ms Sally Cowling, Research Fellow, Centre of Full Employment and Equity, University of Newcastle, *Transcript of Evidence*, 12 March 2004, p. 1.

60 Brotherhood of St Laurence, *Submission No. 81*, p. 4.

61 Brotherhood of St Laurence, *Submission No. 81*, p. 4.

respect.⁶² Further, long-term unemployment is widespread in countries which have different labour market programs in place.⁶³

- 2.49 BSL commented that there is one vacancy for every 13 underemployed people and this has a devastating effect on the increasing numbers of long-term unemployed and the marginalisation of those at the lower end of the labour market.⁶⁴ Dr Elizabeth Webster added that a large proportion of the long-term unemployed have not had a stable job since leaving school. In relation to labour market programs:

... the very long-term unemployed's ability to retain a job for longer than 12 months is almost negligible. These programs include job counselling, job training, short-term wages subsidies and short-term job creation.⁶⁵

- 2.50 BSL commented that once the negative effects of long-term unemployment take effect, it becomes increasingly difficult to eradicate.⁶⁶

The negative effects of unemployment are further compounded by long average durations, with greater strains on individuals and families, and four out of every five long-term unemployed persons [is] shown to be living in poverty.⁶⁷

- 2.51 Research has shown that the longer a person is unemployed, the greater the physiological and psychological damage of each additional unemployment period.⁶⁸ The Queensland Government referred to the self-reinforcing nature of long-term unemployment.⁶⁹ The effects of being unemployed:

62 Doiron D 'Comments on 'Long-Term Unemployment and Work Deprived Individuals: Issues and Policies', paper attached to Dockery A M and Webster E (2002) 'Long-term Unemployment and Work Deprived Individuals: Issues and Policies', *Australian Journal of Labour Economics* 5(2): 175-193, p. 2.

63 Doiron D 'Comments on 'Long-Term Unemployment and Work Deprived Individuals: Issues and Policies', paper attached to Dockery A M and Webster E (2002) 'Long-term Unemployment and Work Deprived Individuals: Issues and Policies', *Australian Journal of Labour Economics* 5(2): 175-193, p. 2.

64 Brotherhood of St Laurence, *Submission No. 81*, p. 4.

65 Dr Elizabeth Webster, *Submission No. 7*, p. 1.

66 Brotherhood of St Laurence, *Submission No. 81*, p. 4.

67 Brotherhood of St Laurence, *Submission No. 81*, p. 4 citing B Gregory and P Sheehan (1998) 'Poverty and the collapse of full employment' in R Fincher and J Nieuwenhuysen (eds) *Australian Poverty now and then*, Melbourne University Press, Carlton South, Vic.

68 Brotherhood of St Laurence, *Submission No. 81*, p. 5 citing W Mitchell, S Cowling and M Watts (2003) *A community development jobs guarantee: a new paradigm in employment policy*, Centre of Full Employment and Equity, Newcastle.

69 Queensland Government, *Submission No. 87*, p. 7.

... tend to feed off each other, their consequences are reinforced, making it harder to reverse the pattern of events that originally gave rise to them. Thus, unemployment adversely affects morale and health, making the prospect of re-employment less likely, whilst simultaneously leading to attitudes that reinforce isolation from the world of work that shape[s] people's lives.⁷⁰

- 2.52 BSL commented on the need to rethink employment assistance and labour market programs for the long-term unemployed, particularly for those who have multiple barriers.⁷¹ Predictors of long-term unemployment include:

Being older, having a disability, lower educational attainment, poor English language and literacy skills, living in a region with high unemployment, being a lone parent, being an Aboriginal or Torres Strait Islander, having been imprisoned, not having a telephone, being homeless or insecure accommodation, not having recent full-time work experience, not having any vocational qualifications, and being from a country which has very high unemployment rates.⁷²

- 2.53 Employers may see the long-term unemployed as posing a risk, as they are not sure about attitudes, motivation and whether they are suited to a position.⁷³ Even when someone is capable of doing a job, employers use the duration of unemployment as a measure of the person's employability.⁷⁴ The employer's reluctance to employ the longer term unemployed may be because people's skills atrophy when they are not working and the routine of working life is interrupted.⁷⁵

70 Brotherhood of St Laurence, *Submission No. 81*, p. 4 citing Saunders P (2002), *The direct and indirect effects of unemployment on poverty and inequality*, SPRC Discussion Paper No. 118, Social Policy Research Centre, University of New South Wales, p. 20.

71 Dr Stephen Ziguas, Research and Policy Manager, Brotherhood of St Laurence, *Transcript of Evidence*, 19 March 2004, p. 32.

72 Australian Council of Social Service, *Submission No. 74*, p. 33 citing Department of Employment Workplace Relations and Small Business, 1998, *Job Seeker Classification Instrument*, DEWRSB, Canberra; see also Brotherhood of St Laurence, *Submission No. 81*, p. 5 citing W Mitchell, S Cowling and M Watts (2003) *A community development jobs guarantee: a new paradigm in employment policy*, Centre of Full Employment and Equity, Newcastle.

73 Dr Stephen Ziguas, Research and Policy Manager, Brotherhood of St Laurence, *Transcript of Evidence*, 19 March 2004, pp. 33-34.

74 Australian Council of Social Service, *Submission No. 74*, p. 33.

75 Australian Chamber of Commerce and Industry, *Submission No. 63*, p. 10.

Casual employment – an overview

- 2.54 The last 15 years have seen substantial changes in the structure of the labour market, most notable in the rise in the proportion of casual employment. The Committee received a range of evidence on the role of casual employment in the labour market.
- 2.55 Some views suggested casual employment is at times a preferred and relatively stable employment arrangement, and it can function as a flexible transition into other forms of employment. Others suggested that the growth in casual employment was leading to an increasingly polarised community that most disadvantaged low income and low skilled workers.
- 2.56 In 2003, casual employment represented 27.6 per cent of total employment. This rate has steadily increased since 1998, rising by nearly ten per cent over that time. Table 2.1 provides an overview of the rise in casual employment across part-time and full-time employment, and by gender.⁷⁶

Table 2.1 Casual employees from 1988 to 2003

Year	Full-time casual		Part-time casual		Male casual		Female casual		Total casual (a)	
	'000	% all F/T	'000	% all P/T	'000	% all male	'000	% all female	'000	% all
<i>August</i>										
1988	284.1	5.8	771.8	68.3	415.7	11.7	737.3	28.8	1153.0	18.9
1989	323.6	6.3	887.0	68.5	489.8	13.1	808.2	29.3	1298.0	20.0
1990	314.3	6.1	926.2	68.3	476.1	12.7	795.7	28.2	1271.8	19.4
1991	336.2	6.8	943.8	67.5	479.0	13.5	801.0	29.0	1280.0	20.3
1992	353.5	7.4	1061.5	67.7	550.4	15.6	864.6	30.9	1415.0	22.3
1993	404.7	8.4	1030.4	67.2	578.0	16.4	857.1	30.6	1435.1	22.7
1994	441.3	9.1	1107.8	67.0	655.1	18.1	894.0	30.8	1549.1	23.7
1995	482.7	9.5	1170.6	65.8	698.1	18.5	955.2	30.8	1653.3	24.0
1996	559.1	10.8	1282.2	67.5	828.9	21.2	1012.3	32.0	1841.2	26.1
1997	538.5	10.7	1257.0	65.6	801.5	20.9	994.0	31.7	1795.5	25.8
1998	617.5	11.8	1328.6	65.4	894.1	22.6	1052.0	32.0	1946.1	26.9
1999	576.6	11.1	1355.1	64.6	877.9	22.0	1053.7	31.8	1931.6	26.4
2000	647.3	11.9	1450.0	64.6	954.0	23.0	1143.3	32.3	2097.3	27.3
2001	630.8	11.6	1486.7	64.2	988.7	23.6	1128.9	31.5	2117.6	27.2
2002	734.7	13.2	1425.5	60.4	1004.3	23.5	1156.0	31.6	2160.3	27.3
2003	785.5	13.8	1454.3	60.4	1043.7	24.0	1196.2	31.9	2239.9	27.6

(a) For years 1988 to 1990, total includes persons whose full-time/part-time status could not be determined.

Source Australian Bureau of Statistics, *Employee Earnings, Benefits and Trade Union Membership (Cat. No. 6310.0)*

⁷⁶ Australian Bureau of Statistics, *Employee Earnings, Benefits and Trade Union Membership (Cat. No. 6310.0)*.

- 2.57 While the overall proportion of casual employment growth has continued to increase, the rate of growth has slowed markedly. From 2000 to 2004, casual employment as a proportion of total employment increased by only 0.3 per cent.⁷⁷
- 2.58 It is difficult to compare Australia's level of casual employment with other countries due to differences in employment arrangements and definitions. The closest comparison is with the OECD classification 'temporary employment', which suggests that Australia has high levels of casual employment in relation to OECD countries. In 1999, temporary employment in all OECD countries was less than 15 per cent, with the exception of Spain, France, the Netherlands and Australia.⁷⁸
- 2.59 A significant shift in the incidence of casual employment is apparent in the trend data for casual full-time and part-time employment. Thirteen per cent of employees working full-time hours were employed on a casual basis. In comparison, over 60 per cent of employees working part-time hours were employed on a casual basis.
- 2.60 Over the past five years, there has been a two per cent increase in the number of full-time casual positions. In comparison, part-time casual positions have declined by five per cent.
- 2.61 Around one quarter (24 per cent) of total male employees in 2003 were casual. This compares to almost one third of female employees (31.9 per cent) who were casual.⁷⁹
- 2.62 The rate of increase of casual employment varies across gender, with male casual employment increasing at a greater rate than female casual employment. Since 1998, male casual employment has more than doubled from 11.7 per cent to 24.0 per cent. Over the same period, female casual employment has increased from 28.8 per cent to 31.9 per cent.
- 2.63 However, more recently, these rates have changed with male casual employment increasing by only one per cent since 2000, and female casual employment decreasing by 0.4 per cent.

77 Australian Bureau of Statistics, *Employee Earnings, Benefits and Trade Union Membership* (Cat. No. 6310.0).

78 OECD Observer (1999), *Temporary and part-time employment*, *The OECD Observer* No. 217/218, p. 99; The OECD 'temporary employment' classification is generally comparable to Australia's casual employment. Australian Bureau of Statistics defines casuals as 'Employees without leave entitlements' who are not entitled to paid holiday leave nor paid sick leave in their main job, Australian Bureau of Statistics (2003), *Employee Earnings, Benefits and Trade Union Membership*, (Cat. No. 6310.0).

79 Australian Bureau of Statistics, *Employee Earnings, Benefits and Trade Union Membership* (Cat. No. 6310.0).

Comments on casual employment

- 2.64 ACOSS raised concerns about the levels of casual employment and the social effect of this change in the labour market. ACOSS suggests that the growth in casual employment is a disturbing trend linked to a polarisation within the labour market. This has the effect of increasing the reliance on income support for some sectors of the community.⁸⁰

The growth in part-time and casual jobs has not been distributed equally across all occupation types or locations... The phenomenon of 'hollowing out' within the labour market has been identified with increases in full-time permanent employment at the very top end of the labour market and increases in low-paid casual and part-time employment, but also with a loss of middle jobs, such as trades and clerks.⁸¹

- 2.65 The Women's Electoral Lobby (WA) (WEL WA) argued that the growth of casual employment is taking away workers' rights and few casual workers have access to paid leave or training.⁸² Excluding students, casuals have lower rates of educational attainment, and are less likely to have undertaken training in the last 12 months compared to ongoing employees.⁸³

- 2.66 BSL commented on the increased fragmentation of various types of work and the social impact of changing working times, particularly for younger people when their employment is a series of short-term often casual jobs.

Their lives tend to get very disrupted by changing working times. They never know how much income they are going to have per week. They never know what working hours they are going to have from week to week... More long term, and more serious in some ways is the impact on things like saving to buy a house and making decisions about having kids and forming families and about superannuation.⁸⁴

80 Australian Council of Social Service, *Submission No. 74*, p.3.

81 Australian Council of Social Service, *Submission No. 74*, p.10, citing Borland, Gregory & Sheehan 2001, "Inequality and economic change", in Borland et al, *Work rich, work poor*, Victoria University.

82 Ms Rhonda Naumann, Co-Convenor, Chair of Accommodation Committee and Trainer, Women's Electoral Lobby, *Transcript of Evidence*, 6 April 2004, p. 18.

83 Australian Bureau of Statistics, *Employment Arrangements and Superannuation* (Cat. No. 6361.0).

84 Dr Stephen Ziguras, Research and Policy Manager, Brotherhood of St Laurence, *Transcript of Evidence*, 19 March 2004, p. 32.

- 2.67 Other organisations also suggested that those in casual employment may have difficulty in obtaining loans from financial institutions.⁸⁵
- 2.68 In addition BSL suggested that those working casual work or part-time jobs can become trapped on Newstart benefits without making the transition to full employment.⁸⁶ Mission Australia also made the point that, for young people, the expansion of part-time and casual work has not necessarily led to longer term jobs.⁸⁷
- 2.69 Women's Economic Policy Analysis Unit, Curtin University of Technology (WEPAU) stated that while casual work has advantages in flexibility, the timing and the number of hours worked, the downside relates to employment security and this can create dilemmas about participation in paid work.⁸⁸
- What is important for the future, and whether or not people are able to balance work and family and whether or not women are able to contemplate being involved in paid work and still have children successfully and happily, is that they and their partners need to have a sense of employment security. You cannot take on work and feel comfortable about being in work when you have a family if you feel that, if you dare to put up your hand for your child's sickness or you dare to make a phone call to respond to your child's needs, you are going to lose your job.⁸⁹
- 2.70 DEWR suggested that casual employment may not be as precarious as some believe and that a substantial proportion of employees are satisfied with their current arrangements and the casual loading.⁹⁰
- 2.71 DEWR cited the Australian Bureau of Statistics (ABS) 2000 *Forms of Employment Survey* which indicates that over half of self-identified casual employees (54.9 per cent) have been with their employer for 12 or more

85 Mr Paul Marzato, Manager, Energy and Utilities, United Services Union, *Transcript of Evidence*, 12 March 2003, p. 35 (the United Services Union is a branch of the Australian Council of Trade Unions); Ms Hope Alexander, Co-Convenor, Women's Electoral Lobby (WA) *Transcript of Evidence*, 6 April 2004, p. 15.

86 Dr Stephen Ziguras, Research and Policy Manager, Brotherhood of St Laurence, *Transcript of Evidence*, 19 March 2004, p. 32.

87 Mission Australia, *Submission No. 104*, p. 8.

88 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin Business School, *Transcript of Evidence*, 6 April 2004, p. 9.

89 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin Business School, *Transcript of Evidence*, 6 April 2004, p. 9.

90 Department of Employment and Workplace Relations, *Supplementary Submission No. 72a*, p. 3.

months and 26.5 per cent have been with their employer for 3 or more years.⁹¹

2.72 A substantial proportion of casual employment is long-term and the preferred working arrangement for certain groups of the workforce.

2.73 RCSA cited a PriceWaterhouseCoopers survey and commented that 40 per cent of temporary or part-time staff were under 25 years of age (compared with just 15 per cent of ongoing employees⁹²) and, due to the flexible hours and higher loading, casual employment is often sought by students and young people:

The casual market is not a market of the disadvantaged but rather a market of those that choose lifestyle.⁹³

2.74 In 2001 the Federal Metal and Associated Industries Award was amended to enable casual workers who have been employed for 6 months to have the option of taking up permanency. However, only two employees out of 500 took up the opportunity to shift from casual to permanent employment arrangements. There have been similar low conversion rates for other awards.⁹⁴

2.75 The RCSA suggest that there may be a number of reasons for employees not wishing to transfer to permanency. Reasons could include a lack of understanding of potential benefits, desire to retain casual loading, and greater access to a variety of work hours and tasks.⁹⁵

2.76 The Shop Distributive and Allied Employee's Association (SDAEA) agreed that casual employment may suit the needs of some groups of employees:

Undoubtedly, there are some people who like working casually. They like the higher rate and they are prepared to take their chances – and they do take their chances: they are vulnerable if they get sick or if there is a downturn in employment.⁹⁶

2.77 SDAEA also noted that casual employment was not the preference of all employees, and referred to the example of Coles supermarkets who

91 Department of Employment and Workplace Relations, *Supplementary Submission No. 72a*, p. 3.

92 Recruitment and Consulting Services Association Ltd, *Submission No. 31*, p. 5.

93 Recruitment and Consulting Services Association Ltd, *Submission No. 31*, p. 6.

94 Ms Julie Mills, Chief Executive Officer, Recruitment and Consulting Services Association Ltd, *Transcript of Evidence*, 19 March 2004, p. 5; Recruitment and Consulting Services Association Ltd, *Submission No. 31*, p. 6.

95 Mr Charles Cameron, Contemporary Employment Adviser, Recruitment and Consulting Services Association Ltd, *Transcript of Evidence*, 19 March 2004, p. 6.

96 Mr Ian Blandthorn, National Assistant Secretary, Shop Distributive and Allied Employees Association, *Transcript of Evidence*, 19 March 2004, p. 68.

launched a major campaign to convert casual employees to permanency. The supermarket chain was 'besieged' by employees wanting to convert to permanency. SDAEA went on to comment that casual employment was for some a financial necessity.

... there is another group of people who are working casually because they have no alternative. In the retail industry there is very much a culture among a lot of employers to say that it is easier to employ casuals because you do not have the same roster impediments that you do with full-time employees, and so many employers choose to employ people casually. So some people take jobs as casuals because there is nothing else available, but they would prefer security of employment; they would prefer permanency.⁹⁷

- 2.78 The Central Western Development Board also disputed the notion that casual employment is always preferred work choice, suggesting it can impose financial hardship and many of those on casual employment would work additional hours if available:

Casualisation of the workforce is seeing many people working as little as two hours per day and having to remain on call for little financial reward.⁹⁸

- 2.79 This preference for more hours is supported by the ABS *Forms of Employment* survey in 2000, which was the first survey to consider in detail working patterns across a range of employment types. It found that over 36 per cent of casual employees would prefer more hours. This suggests that there is the capacity for more than a third of casual workers to increase their participation in paid work.⁹⁹

Male and female participation rates

- 2.80 The AIG made the point that the net increase in the workforce since the 1960s has been a leading driver in Australia's economic growth.¹⁰⁰ Most significant has been the increasing participation of women in the labour

97 Mr Ian Blandthorn, National Assistant Secretary, Shop Distributive and Allied Employees Association, *Transcript of Evidence*, 19 March 2004, p. 68.

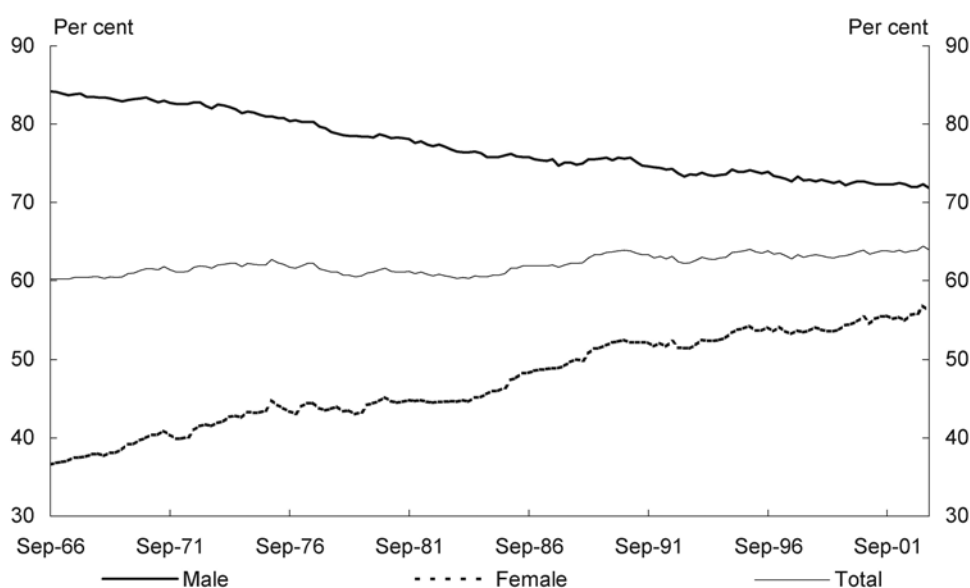
98 Central Western Regional Development Board, *Submission No. 46*, p. 2.

99 Australian Bureau of Statistics, *Forms of employment* (Cat. No. 6359.0); and *Employment Arrangements and Superannuation* (Cat. No. 6361.0).

100 Mrs Heather Ridout, Deputy Chief Executive Officer, Australian Industry Group, *Transcript of Evidence*, 27 January 2004, p. 1.

force, with a decrease in male participation.¹⁰¹ Some of the jobs growth has been in the service industry which is characterised as a more female segment of the labour market.¹⁰² Figure 2.4 compares male and female participation rates in Australia, between 1966 and 2001.

Figure 2.4 Participation rates by gender, Australia



Source Australian Bureau of Statistics, *Labour Force, Australia, Preliminary* (Cat. No. 6202.0, June 2003) cited in *Treasury, Submission No. 73*, p. 4.

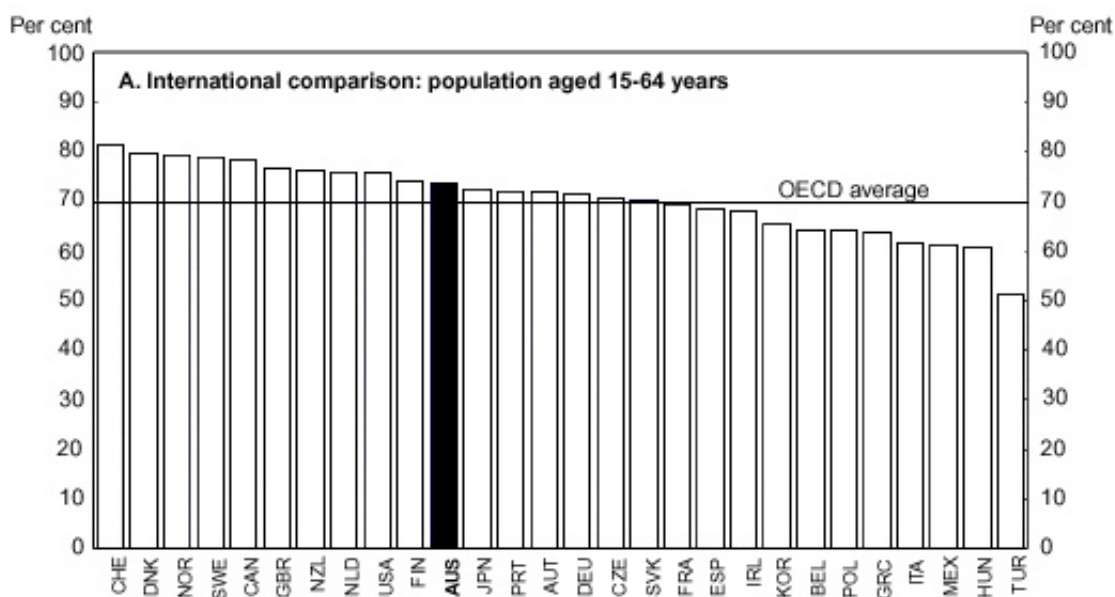
2.81 Productivity growth increased through increased participation by women in the labour force. In 1962, the participation rate was 35 per cent; it is now around 65 per cent. Increases in participation are associated with lower birth rates, reflecting increased choices available to women, including access to birth control and access to education and employment. This growth is consistent with increases across other OECD countries. However, Australia remains below the leading countries in terms of labour participation and labour productivity.¹⁰³ Figure 2.5 shows comparative OECD participation rates.

101 Mr David Tune, General Manager, Social Policy Division, Treasury, *Transcript of Evidence*, 8 October 2003, p. 4.

102 Ms Serena Wilson, Executive Director, Welfare Reform, Department of Family and Community Services, *Transcript of Evidence*, 26 November 2003, p. 5.

103 Treasury (2004), *Australia's Demographic Challenges*, 2004, pp. 1, 13, 22; OECD (2005) *Economic survey of Australia, 2004*, Policy Brief, p. 1; Australian Bureau of Statistics (2005) *Labour Force Australia*, (Cat. No. 6202.0) Key Figures.

Figure 2.5 Participation rates in OECD countries, 2003



Source OECD Economic Survey of Australia 2004: Policies to lower unemployment and raise labour force participation. Published 2 February 2005.

Male participation

- 2.82 While the male participation rate has remained higher than that for females for the period 1983-1984 to 2003-2004, it fell 4.9 percentage points to 71.6 per cent since 1982.¹⁰⁴ The decline in participation rates by men is evident at most age levels.¹⁰⁵
- 2.83 Dr Robert Dixon noted that the fall in the aggregate male employment ratio appeared to be recession induced and was not primarily due to older workers leaving the workforce.¹⁰⁶ He added that in relation to the employment ratio for males in the age groups 25-34, 35-44 and 45-54 years there was a sharp fall in the employment ratio in the two recessions, which was steeper than that of females and did not recover at the same rate after the recession. This has social, economic and 'fiscal' implications.¹⁰⁷

104 Department of Employment and Workplace Relations, *Submission No. 72*, p. 4; Department of Employment and Workplace Relations, *Supplementary Submission No. 72b*, p. 1; Australian Bureau of Statistics (2005) *Year Book 2005*, (Cat. No. 1301.0) p. 165.

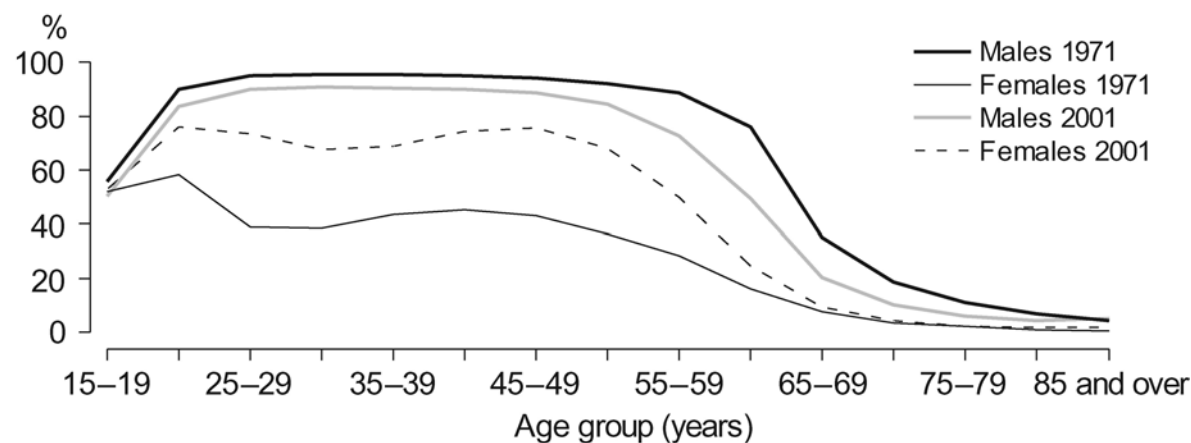
105 Dr Roger Wilkins, Research Fellow, Melbourne Institute of Applied Economic and Social Research, University of Melbourne, *Transcript of Evidence*, 19 March 2004, p. 53.

106 Dr Robert Dixon, *Submission No. 16*, p. 3.

107 Dr Robert Dixon, *Submission No. 16*, p. 3. Employment Ratio is the proportion of the population who are employed.

2.84 Figure 2.6 shows comparative labour force participation rates for males and females between 1971 and 2001.

Figure 2.6 Labour force participation rates, persons aged 15 years and over



Source Australian Bureau of Statistics, *Census of Population and Housing: Ageing in Australia 2001* (Catalogue No. 2048.0) 2003, p. 52.

2.85 In addition to industry restructuring and a decline in the male-dominated traditional industries, DEWR listed the reasons for the decline in participation rates by males as:

- the number of men in full-time study;
- the decline in full-time work relative to the size of the population of prime-aged men;
- the encouraged and discouraged worker effect, in which men move in and out of the labour market with changing economic and labour market conditions;
- changes to unemployment allowances and income tax rates, which may affect incentives;
- movement of men from the unemployment allowance to the disability support pension; and
- lower educational attainment and lower skills levels being associated with lower participation rates.¹⁰⁸

2.86 Dr Roger Wilkins of the Melbourne Institute of Applied Economic and Social Research suggested that some of the decline in male participation would also reflect the increase in the number of self-funded retirees. Dr Wilkins added that decline in male participation may be involuntary, with

108 Department of Employment and Workplace Relations, *Supplementary Submission No. 72b*, p. 1.

the decline focused on low-skill males, males with low levels of educational qualifications and often with disabilities. Treasury also commented that there was a significant increase in the number of males 55 years and over leaving the workforce in all educational attainment categories.¹⁰⁹

... the fact that the services sector has grown at the expense of the manufacturing sector - and indeed agriculture and other traditionally male industries. Also, there has been an increased supply of labour by females so that has created a substitution effect. Employers have an increasing pool of females to choose from and that has been perhaps to some extent at the expense of lower skill-level males.¹¹⁰

- 2.87 Associate Professor Siobhan Austen of WEPAU referred to the decline in lifetime employment and the use of redundancies in labour market adjustments as placing in doubt any future increase in the participation rates of older males.¹¹¹
- 2.88 In the September 2002 ABS survey of *Persons Not in the Labour Force* there were 1 387 000 males of working age not in the labour force.¹¹² The number of males under the age of 50 years on the Disability Support Pension (DSP) tripled in the last two decades:

Approximately 39.1 per cent of males aged 25 to 44 years cited the presence of a disability, handicap, illness or injury as the main activity that prevented them being in the labour force, while 23.6 stated that they were attending an educational institution.¹¹³

Female participation

- 2.89 Over several decades there has been an increase in labour force participation by women,¹¹⁴ and over the last two decades the trend is

109 Dr Roger Wilkins, Research Fellow, Melbourne Institute of Applied Economic and Social Research, University of Melbourne, *Transcript of Evidence*, 19 March 2004, p. 53; Treasury, *Submission No. 73*, p. 7.

110 Dr Roger Wilkins, Research Fellow, Melbourne Institute of Applied Economic and Social Research, University of Melbourne, *Transcript of Evidence*, 19 March 2004, p. 53.

111 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin University of Technology, *Submission No. 8*, p. 6.

112 Australian Bureau of Statistics, *Persons Not in the Labour Force*, (Cat No. 6220.0).

113 Department of Employment and Workplace Relations, *Supplementary Submission No. 72b*, pp. 3-4.

114 Mr Scott Matheson, Acting Group Manager, Employment Analysis and Evaluation Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 September 2003, p. 3; Department of Employment and Workplace Relations, *Submission No. 72*, p. 4.

evident in all educational attainment categories and for all age groups.¹¹⁵ Since 1983-1984, women's participation rate has increased by 10.6 percentage points, from 45.0 to 55.6 per cent in 2003-2004.¹¹⁶ Associate Professor Siobhan Austen believes that the majority of under-utilised paid labour in the Australian economy is women who either are currently not in the labour force, or are working part-time hours. This is because:

- current labour force participation rates for women across all age cohorts are relatively low;
- high proportions of women are currently in part-time employment; and
- about 65 per cent of non-employed or under-utilised labour in the Australian labour market is female.¹¹⁷

2.90 Dr Dixon found that the employment ratios for women have shown the largest increase for prime working age women from 1978 to 2002, with the greatest increase between the two recessions in the 1980s.¹¹⁸ Further, while women were benefiting from increased job opportunities in those sectors of the economy that are growing, they were also less likely to lose their positions in the industries that were declining.¹¹⁹ Associate Professor Siobhan Austen made the point that women's participation rates have responded positively when there have been labour shortages:

We argue that women's ability and willingness to provide additional labour to the paid workforce will be an important determinant of economic growth in Australia over coming decades.¹²⁰

2.91 The roles that women and men take within the family may limit their ability to participate fully in paid work. Cultural barriers in both the workplace and the community have meant that men have traditionally not been encouraged to access more flexible working arrangements for parenting or family reasons.¹²¹ Women participate in paid work to:

- provide additional income, make a financial contribution, ease the family's financial stress or gain financial independence;

115 Treasury, *Submission No. 73*, p. 7.

116 Australian Bureau of Statistics (2005) *Year Book 2005*, (Cat. No. 1301.0) p. 165.

117 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin University of Technology, *Submission No. 8*, pp. 5-6.

118 Dr Robert Dixon, *Submission No. 16*, p. 16.

119 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin University of Technology, *Submission No. 8*, p. 26.

120 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin University of Technology, *Submission No. 8*, p. 6.

121 Queensland Government, *Submission No. 87*, p. 16.

- achieve personal satisfaction;
 - meet the desire for social contact, to avoid social isolation and to be involved in their community;
 - use skills that have been acquired through long periods of education and workforce experience and to build a career; and
 - support themselves and dependants.¹²²
- 2.92 Labour force participation is strongly linked to attainment in education, especially for women with upper secondary or equivalent attainment.¹²³ Many women wishing to increase their involvement in the workforce, perceive this to be beneficial to their economic and social wellbeing.¹²⁴ A study in the outer suburbs of Perth found that social networks outside work are poor, particularly when partners work very long hours to meet the family's financial needs.¹²⁵
- 2.93 It is projected that in the coming decades women's participation in paid work will increase both in terms of the number of jobs and the average number of hours worked.¹²⁶ Service industries, which traditionally employ women, provide greater part-time and casual employment, which may enable women to better balance family and work.¹²⁷
- 2.94 The Committee notes that there are a range of employment arrangements which may provide flexibility for the primary care giver (who is predominantly female) such as shift work, job sharing and multiple part-time positions and seasonal work. Industries with higher employment growth rates, such as property and business services, culture and

122 Department of Employment and Workplace Relations, *Submission No. 72(a)*, p. 1 citing Russell G and Bowman L, 2000, *Work and Family: Current thinking, Research and Practice.*; Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin University of Technology, *Transcript of Evidence*, 6 April 2004, pp. 2, 9; Russell G and Bowman L, 2000, for the Department of Community and Family Services, *The Australian Longitudinal Study on Women's Health*, The Research Institute for Gender and Health, University of Newcastle, p.14; Dr Margaret Giles, Research Associate, Women's Economic Policy Analysis Unit, Curtin Business School, *Transcript of Evidence*, 6 April 2004, p. 7.

123 Department of Education, Science and Training, *Submission No. 93*, p. 4.

124 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin University of Technology, *Transcript of Evidence*, 6 April 2004, p. 2.

125 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin Business School, *Transcript of Evidence*, 6 April 2004, p. 3.

126 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin Business School, *Transcript of Evidence*, 6 April 2004, p. 1.

127 Mr Scott Matheson, Acting Group Manager, Employment Analysis and Evaluation Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 September 2003, p. 4.

recreational services, accommodation, cafes and restaurants, health and community services and personal and other services have relatively high female employment ratios.¹²⁸

... women's ability to successfully respond to labour market opportunities, without sacrificing fertility, will depend on the support given to them as they try to balance their paid and unpaid working roles. The gender division of unpaid labour, institutional support such as child and elder care, and availability of parental and other forms of paid leave will be vital in securing both economic outcomes for the nation and the well-being of Australian women.¹²⁹

- 2.95 In September 2002 there were 545 200 females who were marginally attached¹³⁰ to the labour force according to the ABS publication *Persons Not in the Labour Force*. The survey found that 69.2 per cent of this group would prefer part-time work, 17.4 per cent prefer full-time work and 13.4 per cent did not express a preference or were undecided.¹³¹
- 2.96 DEWR claimed these statistics suggest that the bulk of women with marginal attachment to the labour force were in circumstances that would only allow limited participation in the workforce with part-time hours. DEWR added that of females that were marginally attached, 67.3 per cent were undertaking home duties or childcare, and 18.6 per cent were studying at an educational institution. These activities would act to limit their ability to undertake full-time work.¹³²
- 2.97 Australian labour force participation rates and average hours worked by women are relatively low compared to similar situations internationally, for example in Norway and Sweden.¹³³

128 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin University of Technology, *Submission No. 8*, p. 25.

129 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin University of Technology, *Submission No. 8*, p. 6.

130 Marginal attachment is defined by the ABS as persons who were not in the labour force in the reference week of the survey but who wanted to work and were *either* actively looking for work but did not meet the availability criteria to be classified as unemployed *or* were not actively looking for work but were available to start work within four weeks. Labour force participation is based upon activity (i.e. working or looking for work) whereas marginal attachment is more subjective and based upon personal perceptions about whether people want to work and what factors may inhibit people from looking for work; cited in Department of Employment and Workplace Relations, *Supplementary Submission No. 72a*, p. 2.

131 Department of Employment and Workplace Relations, *Supplementary Submission No. 72a*, p. 2.

132 Department of Employment and Workplace Relations, *Supplementary Submission No. 72a*, p. 2.

133 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin Business School, *Transcript of Evidence*, 6 April 2004, p. 2.

According to ABS Labour Force Survey data, only 4.7 per cent of female part-time workers had actively looked for full-time hours and were available to start a full-time job in August 2003 ... There were 179,700 females who were unemployed and looking for full-time work (in trend terms) in September 2003, representing 4.0 per cent of the female labour force and 2.2 per cent of the female population aged 15 and over.¹³⁴

- 2.98 Part-time participation is a particular feature of Australian women's involvement in the workforce. It is difficult to make international comparisons due to variation in a number of economic factors, however, in this instance, Associate Professor Siobhan Austen suggested that Canada provides a useful comparison as men in Canada and Australia have similar part-time participation patterns. The rate of part-time work for women in Australia for the age group 25-39 years of age is about double that in Canada.¹³⁵ Professor Austen commented that Australian women have shown a willingness to accept the flexible jobs that are increasingly part of the economy, to enable them to fulfil their roles as carers.¹³⁶
- 2.99 Recent surveys have found that around a quarter of part-time workers wanted more hours¹³⁷ and that a significant proportion of people who are working part-time are satisfied with their hours and were also found to have high levels of job satisfaction.¹³⁸ Some of the people who prefer part-time work are parents and people with disabilities and some people may need to work part-time until they are ready for full-time work.¹³⁹
- 2.100 Women's participation in the labour force and the number of hours worked appear to be linked to the age of the youngest child, and with the

134 Department of Employment and Workplace Relations, *Supplementary Submission No. 72a*, p. 2.

135 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin Business School, *Transcript of Evidence*, 6 April 2004, pp. 2, 7.

136 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin Business School, *Transcript of Evidence*, 6 April 2004, p. 1.

137 Department of Employment and Workplace Relations, *Supplementary Submission No. 72a*, pp. 2-3. Data on job satisfaction and employment status were taken from the quarterly JOB Futures/SAULWICK Employee Sentiment Survey. Around 1,000 employees were surveyed about their current conditions of employment including perceptions of job security, levels of stress experienced at work and preferences for hours.

138 Mr Scott Matheson, Acting Group Manager, Employment Analysis and Evaluation Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 September 2003, p. 4.

139 Mr George Housakas, Enterprise Development Officer, Brotherhood of St Laurence, *Transcript of Evidence*, 19 March 2004, p. 39.

predicted fall in fertility rates this constraint will ease.¹⁴⁰ The labour force dependency ratio in Australia will decrease until the year 2018 and then will start to climb again up to 2048.¹⁴¹

Policies such as the provision of paid maternity leave, parental leave and high quality, subsidised childcare across a range of working hours are likely to be increasingly seen as economic imperatives (as opposed to social benefits) if shortages of labour develop.¹⁴²

- 2.101 As the population ages, women's integration into the future workforce will be influenced by their role in caring for elderly parents and other family members. Aged care can last much longer than childcare and can involve more people than childcare.¹⁴³

The availability of leave provisions and working time arrangements that accommodate the caring roles that both men and women have in this regard, as well as the availability of high quality elder-care facilities, will be directly important to women's future labour supply.¹⁴⁴

Lifestyle balance

- 2.102 In balancing lifestyle and workplace full-time employees are working longer hours because there are fewer of them.¹⁴⁵ Twenty-three per cent of people surveyed between the ages of 30 and 50 years had chosen to 'downshift' their career for a number of reasons, including to seek a work-life balance, spend more time with the family, study, ease into retirement or try out a new career through flexible employment.¹⁴⁶

140 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin University of Technology, *Submission No. 8*, p. 30; see also Shop Distributive and Allied Employee's Association, *Submission No. 79*, pp. 78-79.

141 McDonald P and Kippen R (1999) *Ageing the Social and Demographic Dimensions*, paper presented at the Policy Implications of the Ageing of Australia's Population Conference, Canberra March 1999, p. 59.

142 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin University of Technology, *Submission No. 8*, p. 31.

143 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit, Curtin University of Technology, *Submission No. 8*, p. 31.

144 Associate Professor Siobhan Austen, Co-Director, Women's Economic Policy Analysis Unit at the Curtin University of Technology, *Submission No. 8*, p. 31.

145 Mr Paul Marzato, Manager, Energy and Utilities, United Services Union, *Transcript of Evidence*, 12 March 2003, p. 35; see also Australia Council of Trade Unions, *Submission No. 69*, p. 10.

146 Recruitment and Consulting Services Association Ltd, *Submission No. 31*, p. 5; see also The Australian Institute, *Downshifting in Australia*, Discussion Paper No. 50, January 2003.

- 2.103 Strategies that achieve a family friendly workplace include flexible working hours, part-time work, job sharing, career break schemes, working at home, job security, family leave such as parental leave and allowing women to return to the workforce on a part-time basis.¹⁴⁷ The National Work and Family Awards recognise organisations for their achievements in providing family friendly workplaces.¹⁴⁸ The establishment of the Work and Family Taskforce in late 2002 provides an interdepartmental forum to consider options that will facilitate choices for parents in balancing their work and family lives.¹⁴⁹

Mature age workers

- 2.104 The term 'mature age' is poorly defined, with various organisations and programs using different age groups. DEWR's mature age participation rates are for the 55-64 age group.¹⁵⁰ However, DEWR's 2004-2005 Budget Statement provides various Job Network statistics for mature age workers aged over 45.¹⁵¹ The NSW Government's Mature Aged Workers Program supports jobseekers 40 years of age and over.¹⁵² Council on the Ageing National Seniors Partnership (COTA NSP) focuses on the 50-64 age group.¹⁵³
- 2.105 Workforce participation rates are low among people over 55 years of age. Labour force participation rates drop sharply with increasing age, with only half of men and less than one quarter of women aged 60-64 in the workforce. There is a trend to early retirement, which is often not voluntary, and disability can be a compounding factor.¹⁵⁴ FaCS research found that the main reasons given for leaving the workforce were ill health or disability, caring responsibilities and involuntary job loss.¹⁵⁵ Further

147 United Services Union, *Submission No. 85*, p. 4; Mr Ian Blandthorn, National Assistant Secretary, Shop Distributive and Allied Employees Association, *Transcript of Evidence*, 19 March 2004, p. 67.

148 Department of Employment and Workplace Relations, *Submission No. 72*, p. 9.

149 Department of Employment and Workplace Relations, *Submission No. 72*, p. 9.

150 DEWR (2004) Mature Aged Assistance Facts, <http://www.dewrsb.gov.au/ministersandmediacentre/brough/documents/jnmatureagedassistancefacts.pdf>

151 DEWR (2004) Fact sheet - Mature Age Employment and Workplace Strategy, <http://www.dewrsb.gov.au/ministersandmediacentre/budget2004/factsheets/budgetfactsheetmatureage.doc>.

152 <http://www.humanresourcesmagazine.com.au/articles/cd/0c01fdcd.asp>. The Committee notes that this program was reported to have ceased from 30 June 2004.

153 <http://www.cota.org.au/emplceda.htm>

154 Ms Serena Wilson, Executive Director, Welfare Reform, Department of Family and Community Services, *Transcript of Evidence*, 26 November 2003, p. 4.

155 Department of Family and Community Services, *Submission No. 99*, p. 10.

mature age workers are increasingly choosing greater flexibility in their employment so that they can enjoy partial retirement while receiving an income.¹⁵⁶

- 2.106 Labour force participation amongst mature age people has increased over the last ten years, mostly due to the increase in mature age female participation.¹⁵⁷ However, Australia's participation rate at 48.6 per cent is lower than in comparable countries such as New Zealand (62.9 per cent), the United Kingdom (54 per cent) and the United States (60.2 per cent).¹⁵⁸ This suggests that there is potential to increase mature age worker participation in Australia.

The majority of men under 65 and women under 60 would still prefer to be working, although there are signs that baby boomers do plan to continue working at least part time after the age of 65 ... We know that health status, income level, education level and gender all influence the decision to stay in paid employment or to retire. So it is a complex issue ...¹⁵⁹

- 2.107 The *National Strategy for an Ageing Australia* identified the removal of barriers to continued workforce participation and the retraining of mature age workers as key goals. Barriers to continued workforce participation include entrenched community attitudes and myths about mature age workers. DEWR predicts that by the year 2016, the 45 years and over will supply 80 per cent of the growth in the labour force.¹⁶⁰
- 2.108 COTA NSP emphasised the importance of opportunities for mature age workers to participate in the workforce because of the need for pre- and post-retirement financial security, health and wellbeing, the need to support their families and social and economic participation.¹⁶¹
- 2.109 Some people who are 55 may have been divorced, remarried, have young children and a large mortgage and need to remain in the workforce.¹⁶²

156 Recruitment and Consulting Services Association Ltd, *Submission No. 31*, p. 6.

157 Department of Employment and Workplace Relations, *Submission No. 72*, p. 4.

158 Mr Scott Matheson, Acting Group Manager, Employment Analysis and Evaluation Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 September 2003, p. 5; Department of Employment and Workplace Relations, *Submission No. 72*, p. 4.

159 Professor Helen Bartlett, Director, Australasian Centre on Ageing, University of Queensland, *Transcript of Evidence*, 6 February 2004, p. 36.

160 Department of Employment and Workplace Relations, *Submission No. 72*, p. 6.

161 Mr David Deans, Joint Chief Executive, Councils on the Ageing National Seniors Partnership, *Transcript of Evidence*, 19 March 2004, p. 20; Council on the Ageing National Seniors Partnership, *Submission No. 86*, pp. 2-3.

162 Ms Patricia Reeve, Director, National Policy Secretariat, Councils on the Ageing National Seniors Partnership, *Transcript of Evidence*, 19 March 2004, p. 24.

People who have taken voluntary redundancies who thought they would find a job either did not find jobs or if they eventually did, it was low paid employment.¹⁶³ There is a need to ensure that mature age people are trained to be equipped for employment in the new economy.¹⁶⁴

- 2.110 A significant proportion of those over 55 years are unsuccessful when seeking another job, and discouragement tends to lead to early retirement.¹⁶⁵ In conjunction with the obvious loss of experience to the workforce and the implication this has for the individual's personal finances and life, these poor outcomes are of additional concern. This is the proportion of the population that will increase with the demographic changes. Therefore, efforts to support, encourage and increase mature age participation are essential to improve standards of living and economic growth.
- 2.111 The United Services Union (USU) commented that private companies and contractors are less likely to employ older workers and therefore workers over the age of 45 years are most vulnerable to the impact of privatisation.¹⁶⁶ The Australasian Centre on Ageing commented that employers and colleagues make the assumption that mature age workers cannot perform the required duties without allowing them to demonstrate their capacity.¹⁶⁷ SDAEA would like to see more being done to inform employers that older people have much to offer.¹⁶⁸ These reasons are considered in more detail in Chapter 5.
- 2.112 It is necessary for unemployed mature age people to be linked to employment services as soon as possible. Many mature age workers are poorly informed about the availability of Job Network services, particularly if they are not eligible for Centrelink services.¹⁶⁹ It is important because employment loss has an impact on mental health and social isolation.¹⁷⁰

163 Mr Paul Marzato, Manager, Energy and Utilities, United Services Union, *Transcript of Evidence*, 12 March 2003, p. 37.

164 Mr David Deans, Joint Chief Executive, Councils on the Ageing National Seniors Partnership, *Transcript of Evidence*, 19 March 2004, p. 21.

165 Department of Family and Community Services, *Submission No. 99*, p. 10.

166 United Services Union, *Submission No. 85*, p. 6.

167 Australasian Centre on Ageing, *Submission No. 91*, p. 4.

168 Shop Distributive and Allied Employee's Association, *Submission No. 79*, p. 6.

169 Mr David Deans, Joint Chief Executive, Councils on the Ageing National Seniors Partnership, *Transcript of Evidence*, 19 March 2004, pp. 21, 26.

170 Professor Helen Bartlett, Director, Australasian Centre on Ageing, University of Queensland, *Transcript of Evidence*, 6 February 2004, p. 36.

It is also important to address negative attitudes held by older people themselves, who may have “taken on” society’s attitudes and believe that they are “too old” to work.¹⁷¹

2.113 There is a strong relationship between ageing and disability so there is considerable overlap in the strategies needed for some workers.¹⁷² Older workers may need to change from more physical work to work that is reliant on cerebral strength.¹⁷³ Education and training opportunities for older people are considered a crucial component for updating skills to enable workers to adjust to changing labour market needs. The potential of information and communication technology to assist mature age workers is significant, including those with disabilities.¹⁷⁴

2.114 There are 5.5 unemployed people for every job vacancy, and a business culture that is reluctant to employ mature age people.¹⁷⁵ Mature age workers can have high education levels, multiple languages and life experiences but need to have a skills match with the employment opportunities in their area.¹⁷⁶

A person can have a training program, but if there is no job available within the area they live in which requires those skills, or the person is not prepared to move, you do not have a match between the problem and the solution.¹⁷⁷

2.115 The RCSA believes that creating a flexible workforce is one of the most effective ways of retaining valuable employees while giving them a suitable life/work balance, and is vital for increasing participation in paid work and keeping Australia’s economy strong:

The Australian psyche has been built on a premise of work hard and then retirement. That mindshift will need to change and the most realistic way of retaining our mature workforce is to encourage those who want to continue working to do so while also

171 Australasian Centre on Ageing, *Submission No. 91*, p. 4.

172 Blind Citizens Australia, *Submission No. 67*, p. 1.

173 Caudron S (1997) ‘Boomers Rock the System’, *Workforce* 76 (12):42-46.

174 National Centre for Vocational Education and Research (2004) VET and ageing – an international perspective, *Insight*, issue 14 May 2004, p. 5.

175 Ms Sally Cowling, Research Fellow, Centre of Full Employment and Equity, University of Newcastle, *Transcript of Evidence*, 12 March 2004, p. 3.

176 Mr Neil Tucker, Executive Director, Council on the Ageing (NSW) Inc., *Transcript of Evidence*, 28 January 2004, p. 25.

177 Mr Neil Tucker, Executive Director, Council on the Ageing (NSW) Inc., *Transcript of Evidence*, 28 January 2004, p. 27.

enjoying the fruits of retirement at the same time. Flexible working arrangements enable this to happen.¹⁷⁸

Parents and carers

2.116 The number of persons who combine work and family responsibilities has increased over the last 20 years. Women with younger children have a lower participation rate than those with older children. The average labour force participation rate for women in couple relationships across all child age brackets was 64.8 per cent. For women in couple relationships with a youngest child under 5 years of age, the participation rate was 51.4 per cent. The participation rate rises to 69.7 per cent where the youngest child is 5 to 9 years old. Where the youngest child is 10 to 14 years the participation rate was 76.0 per cent and for women with a youngest child 15 to 19 years it was 77.8 per cent.¹⁷⁹ Treasury also stated that, in families with two parents, labour force participation increases gradually as the age of the youngest child increases.¹⁸⁰

2.117 In Australia the majority of couples with children are both working, typically with one working part-time.

In June 2003 (latest data available) there were 2,033,400 couple families and 583,700 one parent families with dependants in Australia. Couple families with dependants had very high rates of participation, with the vast majority (95.8 per cent) having at least one member in the labour force. At the same time, the unemployment rate for couple families with dependants was 3.6 per cent. In comparison, the participation rate for lone parents with dependants was 60.5 per cent, while their unemployment rate was significantly higher at 15.0 per cent.¹⁸¹

2.118 There is a small proportion of jobless couple families and 50 per cent of lone parents are employed.¹⁸² In 2002, 25.8 per cent of families had either no parent employed or had one parent employed part-time.¹⁸³

The high rate of joblessness among lone parents in Australia appears to be due to their lower skills base, in addition to their sole

178 Recruitment and Consulting Services Association Ltd, *Submission No. 31*, p. 7.

179 Queensland Government, *Submission No. 87*, pp. 13-14, citing Australia Bureau of Statistics, *Census 2001*.

180 Mr David Tune, General Manager, Social Policy Division, Treasury, *Transcript of Evidence*, 8 October 2004, p. 4.

181 Department of Employment and Workplace Relations, *Submission No. 72*, p. 5.

182 Department of Employment and Workplace Relations, *Submission No. 72*, p. 7.

183 Australian Council of Social Service, *Submission No. 74*, p. 15.

responsibility for the care of their children. The average educational attainment of lone parents is considerably lower than for other people.¹⁸⁴

- 2.119 FaCS commented that there are benefits in assisting parents to get a job in terms of role modelling.¹⁸⁵
- 2.120 DEWR emphasised the importance of family friendly working arrangements and the need to ensure that appropriate opportunities are available for families with children.¹⁸⁶ Family friendly practices include the flexible use of annual leave, access to single days leave, purchased leave, unlimited sick leave, paid and unpaid family leave, paid leave for caring purposes, extended unpaid parental leave, paid maternity, paternity and adoption leave, part-time work, job sharing, home based work, childcare, makeup time, time off-in-lieu, hours averaged over an extended period, compressed hours, flexible start finish times, flexitime, negotiable hours of work, hours decided by majority of workers and banking and accrual of rostered days off.¹⁸⁷

Sole parents

- 2.121 Over 20 per cent of families with children are sole parent families, and 80 per cent of sole parent families are on income support.¹⁸⁸ One third of single parents have no income other than welfare benefits.¹⁸⁹ Those on parenting payments will have a flexible participation requirement when the youngest child is aged 13-15 years, with breach waiver provisions.¹⁹⁰ In Australia, single parents remain on benefits for an average of 12 years. Between 1980 and 2003, the proportion of sole parent families increased by 10 per cent.¹⁹¹

184 Australian Council of Social Service, *Submission No. 74*, p. 30 citing Gray M, L Qu, S de Vaus and C Millward (2002) *Determinants of Australian Mothers' Employment*, Australian Institute of Family Studies Research Paper No. 26, Melbourne.

185 Ms Serena Wilson, Executive Director, Welfare Reform, Department of Family and Community Services, *Transcript of Evidence*, 26 November 2003, p. 15.

186 Mr Graham Carters, Group Manager, Employment Policy Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 September 2003, p. 6.

187 Department of Employment and Workplace Relations, *Supplementary Submission No. 72a*, p. 4.

188 Mr David Tune, General Manager, Social Policy Division, Treasury, *Transcript of Evidence*, 8 October 2004, p. 4.

189 Centre for Independent Studies, *Submission No. 75*, p. 7.

190 Department of Employment and Workplace Relations, *Submission No. 72*, p. 15.

191 Professor Peter Saunders, Social Research Director, Centre for Independent Studies, *Transcript of Evidence*, 27 January 2004, p. 42.

- 2.122 The Centre for Independent Studies (CIS) pointed out that other countries in the western world expect single parents to work part-time once the youngest child goes to school.¹⁹²

Australia is one of a very few western countries that supports parents on welfare benefits for as long as they have a child below the school-leaving age. In much of Europe, parents are expected to return to work when the child reaches three years of age, and some American states set the age limit even lower than this.¹⁹³

- 2.123 CIS argued that there is strong public support for a change and that Parenting Payments should be paid in full only if the parent has responsibility for a child under the age of five.¹⁹⁴ On the other hand, the Women's Action Alliance argued strongly against this approach, stating that women contribute their unpaid labour and those undertaking full-time mothering are active contributors to the economy.¹⁹⁵

Carers

- 2.124 Unpaid care for adults alone has been estimated to be worth \$18.3 billion annually, and without this contribution funding would need to be provided for alternative care. Carers Australia has found that most carers are of workforce age and prefer to be employed to maintain their financial independence and the other benefits connected with workforce participation. Forty-nine per cent of primary carers of working age depended on income support, compared with the 20 per cent of those not providing care.¹⁹⁶
- 2.125 Carers, in particular, who are seeking employment require flexibility and supportive attitudes. Carers Australia believes that there are few carer friendly workplaces. The majority of carers are working or would like to be, and Carers Australia suggests a number of options including flexi-time, staggered hours, time-off in lieu, compressed working hours, shift swapping, self-rostering, annualised hours, job sharing, part-time work, carers leave and working from home.¹⁹⁷ Further, the NSW Nurses'

192 Professor Peter Saunders, Social Research Director, Centre for Independent Studies, *Transcript of Evidence*, 27 January 2004, p. 42.

193 Centre for Independent Studies, *Submission No. 75*, p. 7.

194 Centre for Independent Studies, *Submission No. 75*, p. 8.

195 Women's Action Alliance, *Submission No. 88*, p. 1.

196 Carers Australia, *Submission No. 30*, pp. 2-3.

197 Carers Australia, *Submission No. 30*, pp. 4-5.

Association added that for people in their 50s and 60s who combine work with caring responsibilities that:

... without more resources to support carers, their contribution might not be sustainable. They recommend flexible working hours and good-quality affordable support for carers and care recipients would help to maintain this generation in the workforce.¹⁹⁸

- 2.126 Carers Australia argue that flexibility in the workforce benefits employers through the attraction and retention of quality staff while offering employees more control over their lives, enabling them to balance their caring responsibility with employment.¹⁹⁹

Indigenous Australians

- 2.127 Indigenous Australians have a younger age population profile and lower workforce participation rates than non-Indigenous Australians.²⁰⁰ Aboriginal and Torres Strait Islander people generally experience lower levels of labour force participation and higher levels of unemployment than non-Indigenous people.²⁰¹
- 2.128 Twenty-seven per cent of Indigenous people live in rural areas, 42 per cent in other urban areas and 30 per cent in major urban areas. Conversely for the general population, 14 per cent live in rural areas and 60 per cent live in major urban centres. The number of young Indigenous people entering working age is growing rapidly, with the growth from 1996 to 2006 estimated as 29 per cent.²⁰²
- 2.129 The Indigenous participation rate across all age groups and geographic regions is lower than the non-Indigenous population. In 2001, the

198 NSW Nurses' Association, *Submission No. 77*, p. 4.

199 Carers Australia, *Submission No. 30*, p. 5.

200 Department of Employment and Workplace Relations, *Submission No. 72*, p. 5; Mr Scott Matheson, Acting Group Manager, Employment Analysis and Evaluation Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 September 2003, p. 5; Treasury (2004), *Australia's Demographic Challenges*, p. 19.

201 Steering Committee for the Review of Government Services Provision, 2003, *Overcoming Indigenous Disadvantage: Key Indicators 2003*, Productivity Commission, Canberra, pp. xxvii, 3.19, 3.20. Note: Data from Steering Committee for the Review of Government Service Provision is sourced from the Australian Bureau of Statistics 2001 Census. The Australian Bureau of Statistics, National Aboriginal and Torres Strait Islander Social Survey (NATSISS) 2002 released in June 2004 provides 2002/2003 data on Indigenous persons. NATSISS data is not directly comparable to census data but shows similar proportions and improving trends from 1994 to 2002 in employment and participation. Australian Bureau of Statistics (2004) *National Aboriginal and Torres Strait Islander Survey 2002* (Cat. No. 4714.0), p. 3.

202 Department of Family and Community Services, *Submission No. 99*, p. 12.

participation rate was 50.4 per cent for the Indigenous population compared to the national rate of 62.6 per cent for non-Indigenous people. Indigenous people in the labour force were more likely to be unemployed, with unemployment rates for Indigenous people being 23 per cent in December 2002 compared to six per cent for non-Indigenous people.²⁰³

- 2.130 The Steering Committee for the Review of Government Service Provision (SCRGSP) advises that the limited employment opportunities available to Aboriginal and Torres Strait Islander peoples in remote areas of Australia and the employment opportunities provided by Community Development Employment Projects (CDEP) are to an extent reflected in the labour force participation rate of the Indigenous population.²⁰⁴
- 2.131 Indigenous Australians were more likely to be employed part-time than their non-Indigenous counterparts. In 2001, 34.0 per cent of the Indigenous labour force was employed part-time compared to 30.0 per cent of the non-Indigenous labour force.²⁰⁵ Furthermore, the rate of part-time employment tends to increase amongst the Indigenous population after the age of 20. Figure 2.7 shows that for people of prime working age, there is an extensive part-time component of employment for Indigenous people.²⁰⁶

203 Steering Committee for the Review of Government Service Provision, 2003, *Overcoming Indigenous Disadvantage: Key Indicators 2003*, Productivity Commission, Canberra, pp. xxviii, 3.20; Australian Bureau of Statistics 2005, *Australian Year Book 2005*, (Cat. No. 1301.0) p. 1570.

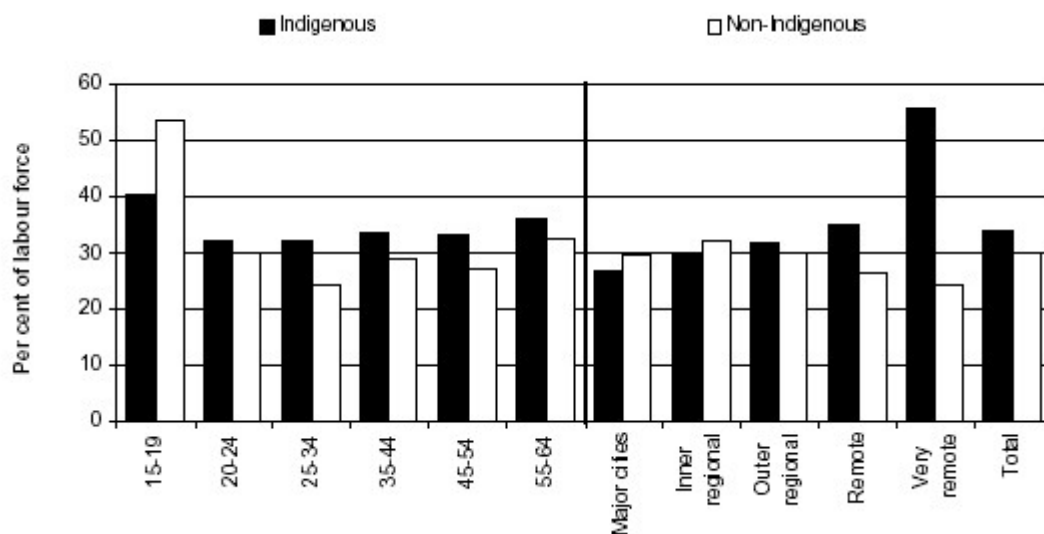
Note - The participation rates used are from the ABS 2001 census as updated figures were unable to be located.

204 Steering Committee for the Review of Government Service Provision, 2003, *Overcoming Indigenous Disadvantage: Key Indicators 2003*, Productivity Commission, Canberra, pp. xxvii, 3.22, 3.23.

205 Steering Committee for the Review of Government Service Provision, 2003, *Overcoming Indigenous Disadvantage: Key Indicators 2003*, Productivity Commission, Canberra, p. 11.3.

206 Steering Committee for the Review of Government Service Provision, 2003, *Overcoming Indigenous Disadvantage: Key Indicators 2003*, Productivity Commission, Canberra, p. 11.5.

Figure 2.7 Indigenous and non-Indigenous part-time employment, 2001



Source *Steering Committee for the Review of Government Service Provision, 2003, Overcoming Indigenous Disadvantage: Key Indicators 2003, Productivity Commission, Canberra, p. 11.5, citing Australian Bureau of Statistics 2001 Census, Table 11A.1.1.*

2.132 In addition:

Relative to the non-Indigenous population and excluding people aged 65 years and over, the most disadvantaged group of Indigenous people in terms of unemployment is in the age group 25-34 years, followed by the age group 35-44 years, which are the prime stages for people's work and career development.²⁰⁷

2.133 In 2001, non-Indigenous Australians were three times more likely to be self employed than Aboriginal and Torres Strait Islander peoples and this increases to nine times more likely in very remote areas.²⁰⁸

2.134 According to SCRGSP, in 2001, Aboriginal and Torres Strait Islander peoples aged 15-24 years were less likely to be employed or attending school than non-Indigenous people aged 15-24 years. As such they were much more likely to be 'at risk' of long-term disadvantage.²⁰⁹ WEL WA emphasised the need to retain Indigenous women in the education system

207 *Steering Committee for the Review of Government Service Provision, 2003, Overcoming Indigenous Disadvantage: Key Indicators 2003, Productivity Commission, Canberra, p. 3.24.*

208 *Steering Committee for the Review of Government Service Provision, 2003, Overcoming Indigenous Disadvantage: Key Indicators 2003, Productivity Commission, Canberra, pp. 11.14.* Note: Indigenous people that have formed themselves into cooperative commercial arrangements, such as artists, may not have reported that they were self employed.

209 *Steering Committee for the Review of Government Service Provision, 2003, Overcoming Indigenous Disadvantage: Key Indicators 2003, Productivity Commission, Canberra, pp. 7.30.*

beyond the age of 14 or 15 years, and the need for the opportunity to enter the workforce, as important issues.²¹⁰

2.135 ABS noted that:

Nationally, almost half (46%) of Indigenous persons aged 15-64 years were not in the labour force in 2001, compared with about one-quarter (27%) of non-Indigenous persons in this age group. In every age group except young people aged 15-17 years, the proportion of Indigenous persons who were not in the labour force was about 20 percentage points higher than the proportion of non-Indigenous persons.²¹¹

2.136 The more recent ABS *National Aboriginal and Torres Strait Islander Social Survey 2002* found improvements in economic participation and unemployment. From 1994 to 2002 the proportion of Indigenous people in employment increased in mainstream and CDEP employment. Improvements in long-term unemployment were also evident, with the proportion of Indigenous people being unemployed for one year or more dropping to around 25 per cent. However, although there have been improvements, the unemployment rate for Indigenous people is around three times that for non-Indigenous people.²¹²

2.137 DEWR stated that Indigenous Australians' lower participation rates relate in part to remote areas compared with metropolitan areas.²¹³ SCRGSP indicated that the rate of full-time employment for Indigenous people is lower than that for non-Indigenous people in all age groups and geographic regions.²¹⁴

210 Ms Rhonda Naumann, Co-Convenor, Chair of Accommodation Committee and Trainer, Women's Electoral Lobby, *Transcript of Evidence*, 6 April 2004, pp. 17-18.

211 Australian Bureau of Statistics (2003) *Population Characteristics: Aboriginal and Torres Strait Islander Australians, Australia 2001* (Cat. No. 4713.0), p. 66.

212 Australian Bureau of Statistics (2004) *National Aboriginal and Torres Strait Islander Survey 2002*, (Cat. No. 4714.0) pp. 10-11.

213 Mr Scott Matheson, Acting Group Manager, Employment Analysis and Evaluation Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 September 2003, p. 5.

214 Steering Committee for the Review of Government Service Provision, 2003, *Overcoming Indigenous Disadvantage: Key Indicators 2003*, Productivity Commission, Canberra, p. 11.4. ABS compared non-Indigenous and Indigenous employment by calculating a rate ratio. The ratio is calculated by dividing the non-Indigenous employment rate by the Indigenous employment rate. A ratio greater than one implies that Indigenous people are disadvantaged compared to non-Indigenous people. While the ratio of non-Indigenous to Indigenous total employment is around the same across all geographic regions, at 1.2, the ratio of full-time employment increases to 2.3 as location becomes more remote, while the ratio for part-time employment decreases to 0.4. Steering Committee for the Review of Government Service Provision 2003,

- 2.138 The difference in average performance between Indigenous and non-Indigenous students is also partly due to different socio-economic, language and school situations. The difference in reading and mathematics of these two groups has been declining over time.²¹⁵
- 2.139 In part as a consequence of their lower levels of participation in paid employment, Indigenous Australians of working age have higher levels of reliance on income support than the non-Indigenous population. In addition, they are in receipt of support for longer periods than non-Indigenous Australians of working age.²¹⁶
- 2.140 The number of Indigenous people reaching working age is growing rapidly.²¹⁷ Due to higher fertility rates and mortality rates the Indigenous population has a younger age structure than the non-Indigenous population with the median age being 20.5 years compared to 36.1 years for the non-Indigenous population in 2002.²¹⁸
- 2.141 Between 1996 and 2006 the Indigenous population of working age was estimated to grow by 29 per cent. This predicted population growth warrants a different set of priorities to address the barriers to participation in paid employment for Aboriginal and Torres Strait Islander peoples than the ageing of the total Australian population.²¹⁹
- 2.142 Mission Australia added that estimates for future job growth point to a decline in employment and rise in unemployment for Indigenous Australians.²²⁰ The Research by the Centre for Aboriginal and Economic Policy Research has estimated that 55 000 additional jobs would be required to achieve employment equality for Indigenous Australians by 2006.²²¹

Overcoming Indigenous Disadvantage: Key Indicators 2003, Productivity Commission, Canberra, p. 11.4, citing ABS 2001 Census, Table 11A.1.1

215 Department of Education, Science and Training, *Submission No. 93*, p. 21.

216 Department of Family and Community Services, *Submission No. 99*, p. 12.

217 Department of Family and Community Services, *Submission No. 99*, p. 12.

218 Australian Bureau of Statistics (2003) *Population Characteristics: Aboriginal and Torres Strait Islander Australians, Australia 2001* (Cat. No. 4713.0), p. 17. See also Australian Bureau of Statistics (2004) *National Aboriginal and Torres Strait Islander Survey 2002* (Cat. No. 4714.0), p. 1. Note: The median age is the age at which half the population was older and half was younger.

219 Department of Family and Community Services, *Submission No. 99*, p. 12.

220 Mission Australia, *Submission No. 104*, p. 15.

221 Department of Family and Community Services, *Submission No. 99*, p. 12.

People with a disability

- 2.143 Persons with a disability comprise up to 20 per cent of the Australian population depending on the definition of disability used,²²² and this proportion has increased in recent decades. Labour force participation rates for people with a disability are lower than the general population, frequently for understandable reasons.²²³

In 1998 (latest data available), the participation rate for all persons with a disability was 53.2 per cent, compared with 80.1 per cent for people with no disability.²²⁴ People with a disability also recorded a higher unemployment rate, of 11.5 per cent, compared with 7.8 per cent for people without a disability. Not surprisingly, the level of participation diminishes with the level of activity restriction caused by the disability. Males with a disability tend to have higher participation and unemployment rates than females with a disability.²²⁵

- 2.144 In the 1990s Australia liberalised the eligibility criteria for the disability support pension:

The disability support pension covers a very broad group of people, ranging from those with moderate disabilities to those with very severe disabilities. It is a system that has developed without participation requirements, even though amongst those that receive disability support pension there would be a group that would have some partial work capacity, albeit not a full-time at award wages capacity, because you cannot be eligible for the disability support pension if you are able to work more than 30 hours a week at full award wages within the next two years after vocational training.²²⁶

- 2.145 Disability Action Inc makes the point that the eligibility criteria for the DSP means that some people with significant impairments cannot access the pension. These people have assets and income from other sources or

222 Manpower Services (Australia) Pty Ltd, *Submission No. 78*, p. 8.

223 Mr Scott Matheson, Acting Group Manager, Employment Analysis and Evaluation Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 September 2003, p. 3.

224 Department of Employment and Workplace Relations, *Submission No. 72*, p. 4 citing Australian Bureau of Statistics (1998), *Disability, Ageing and Carers: Summary of Findings* (Cat. No. 4430.0). ABS figures were updated in 2003 showing participation rate for all persons with a disability was 53 per cent compared with 81 per cent for people with no a disability.

225 Department of Employment and Workplace Relations, *Submission No. 72*, p. 4.

226 Ms Serena Wilson, Executive Director, Welfare Reform, Department of Family and Community Services, *Transcript of Evidence*, 26 November 2003, p. 9.

- are in situations where their disability has not stabilised, or have previously been employed.²²⁷
- 2.146 FaCS stated that a recent OECD report found that, of 20 countries studied, Australia had the lowest employment rate of people receiving disability benefits (at around 10 per cent).²²⁸
- 2.147 Only 21 per cent of people with a disability have paid employment as their main source of income. DSP or Newstart Youth Allowance is the main source of income for 69 per cent of people with a disability.²²⁹ Disability is found to be associated with both significant disadvantage in the labour market and higher rates of welfare dependence.
- 2.148 The implications of disability for labour market outcomes are likely to depend on interactions with other factors, including social circumstances, economic conditions, work environment and an individual's age, sex, skill level and psychological disposition.²³⁰
- 2.149 Most people with a disability are already motivated to find work to improve their standard of living and the incentive to work is not the primary issue.²³¹
- 2.150 Many people with a disability have skills and talents that businesses could use.²³² People with a disability sometimes have great difficulty gaining access to employment services, and maintaining employment.²³³ Also, people with disabilities are more likely to lose their jobs during times of economic downturn.²³⁴

227 Disability Action Inc, *Submission No. 94*, pp. 8-9.

228 Department of Family and Community Services, *Submission No. 99*, p. 11, citing OECD (2003 forthcoming), *Transforming disability into ability: policies to promote work and income security for disabled people*, Paris.

229 Employers Making a Difference, *Submission No. 70*, p. 1.

230 Wilkins R, 2003, *Labour Market Outcomes and Welfare Dependence of Persons with Disabilities in Australia*, Melbourne Institute of Applied Economic and Social Research, The University of Melbourne, *Exhibit No. 8*, pp. 3-4. Also refer to Appendix A of the Wilkins' paper for a discussion on defining and classifying disability, pp. 67-70.

231 National Ethnic Disability Alliance and the Physical Disability Council of Australia, *Submission No. 96*, p. 7.

232 Employers Making a Difference, *Submission No. 70*, p. 1.

233 Ms Monika Baker, Senior Systemic Advocate, Disability Action Inc, *Transcript of Evidence*, 18 March 2004, p. 37.

234 Blind Citizens Australia, *Submission No. 67*, p. 3 citing Cass B, Gibson F and Tito F, 1988, *Social Security Review – Issues Paper No. 5, Towards Enabling Policies: Income Support for People with Disabilities*, AGPS, Canberra, p. 10.

This discrimination has a compounding negative effect; as most jobs are filled through word of mouth, those who are out of the employment loop are further disadvantaged²³⁵

2.151 There has been a decline in employment of people with a disability in the Australian Public Service. Furthermore, small businesses also face difficulties in recruiting and retaining people with a disability.²³⁶

2.152 Research from the Melbourne Institute of Applied Economics and Social Research found that:

- persons with multiple impairments have the lowest employment rates and the highest rates of welfare dependence, and persons with 'sensory' impairments do not appear to be as significantly disadvantaged;
- the adverse effects of disability are greater for older age groups - mature age disability onset is also associated with higher unemployment and greater welfare dependence; and
- disabled persons who are employed are, on average, younger and less likely to have had the onset of their disability after the age of 45.²³⁷

2.153 Women With Disabilities in Australia (WWDA) make the point that it should not be assumed that one's work capacity is determined by the 'level' of disability.²³⁸ Women with a disability do not need incentives or motivation to enter paid work:

What they do need is the elimination of discrimination and negative stereotypes from both a gender and disability perspective which compound their exclusion from support services, social and economic opportunities and participation in community life.²³⁹

2.154 WWDA believe that women with a disability are given marginal jobs far below their capacity, are denied training and job advancement opportunities, are poorly paid, have few occupational and health standards, and may be unable to enforce their industrial rights. WWDA make the point that the enforcement of the *Disability Discrimination Act 1992* is complaints driven and the onus is on the person experiencing the

235 Blind Citizens Australia, *Submission No. 67*, p. 3 citing NSW Department of Women 2002 *New Research Shows Way Forward for Women Jobseekers*, Media Alert, 8 March.

236 Employers Making a Difference, *Submission No. 70*, p. 2 also citing *Workplace Diversity Report 2001-2*, p. 57.

237 Wilkins, R., 2003, *Labour Market Outcomes and Welfare Dependence of Persons with Disabilities in Australia*, Melbourne Institute of Applied Economic and Social Research, The University of Melbourne, *Exhibit No. 8*, pp. 4-5.

238 Women With Disabilities in Australia, *Submission No. 17*, p. 19.

239 Women With Disabilities in Australia, *Submission No. 17*, p. 4.

discrimination to act. Further, recent legislative changes add more financial barriers in relation to the Federal Court costs and women with disabilities are among the poorest of all groups in society.²⁴⁰

- 2.155 International studies show that employers who have been prepared to employ people with a disability report that 98 per cent of staff with a disability rate average or better in work safety; 90 per cent of people with disabilities rate average or better on job performance; 86 per cent of people with disabilities rate average or better on attendance; 90 per cent of employers had no change in their insurance costs to employ people with a disability; staff retention is 72 per cent higher, saving millions of dollars each year in recruitment and training costs; and there is a distinct positive effect on staff morale.²⁴¹
- 2.156 CIS referred to the \$6 billion annual cost for the DSP and suggests that there are many people on this pension that have a significant capacity to work.²⁴² CIS argued that this level of disability is implausible:

In Australia, as in a number of other countries, the health and longevity of the population has been constantly improving over the last 20 years, yet the number of people claiming disability benefits has risen from 230,000 in 1980 to around 650,000 today. More than 6 per cent of the labour force is now classified as 'disabled'²⁴³ and it is estimated that the number of people on DSP will reach three-quarters of a million by 2006.²⁴⁴

- 2.157 Further discussion of issues surrounding the DSP is included in Chapter 5, Welfare and Labour Market Reform.

240 Women With Disabilities in Australia, *Submission No. 17*, pp. 5-6.

241 Employers Making a Difference, *Submission No. 70*, p. 2.

242 Professor Peter Saunders, Social Research Director, Centre for Independent Studies, *Transcript of Evidence*, 27 January 2004, p. 42; Centre for Independent Studies, *Submission No. 75*, p. 8 citing McIntosh G and J Phillips *Disability Support and Services in Australia* Parliament of Australia E-Brief, 16 October 2002.

243 Centre for Independent Studies, *Submission No. 75*, p. 8 citing E Healy, 'Disability or disadvantage' *People and Place*, Vol.10, No.3, 2002, 68-83; Australian Bureau of Statistics, *Australian Social Trends 2002: Income and Expenditure – Income Support: Trends in Disability Support*.

244 Centre for Independent Studies, *Submission No. 75*, p. 8 citing Department of Family & Community Services, *Fact Sheet: People with Disabilities 1999*.

Migrants

- 2.158 The reasons for migrants coming to live in Australia can vary substantially. For example, some migrants arriving in Australia may have more established social support networks, while others may have a strong economic position on arrival in Australia. Economic migrants move to Australia primarily for work purposes. Recently arrived migrants were more likely to be unemployed or not in the labour force and were more likely to be employed part-time or on a casual basis.²⁴⁵
- 2.159 The success of migrants finding jobs was found to rise with their time in Australia. After three and a half years, economic migrants have higher employment participation rates than the Australian average. However, family and humanitarian migrants have employment ratios below the Australian averages.²⁴⁶
- 2.160 Temporary migrants to Australia have increased significantly in recent years. Temporary movements are shaping Australia's migration program: in 2002, long-term or non-permanent gains were twice as large as net permanent gains. Additionally, more than half of the skilled permanent migrants in 2002-03 entered as students. There have been some calls to allow unskilled workers to enter Australia temporarily to meet labour shortages, for example in harvest labour.²⁴⁷

In summary

- 2.161 Population, productivity and participation influence economic growth. Australia has experienced improved labour productivity, exceeding the OECD average. To maintain productivity growth, there needs to be a focus on productive workplaces, a suitably qualified and skilled workforce, as well as research and development activities in Australian industries.
- 2.162 Workforce participation rates have increased substantially from 35 per cent in 1962 to around 65 per cent today but are still below some OECD

245 Australian Bureau of Statistics (2004), *Australian Social Trends, Family and Community- Being unemployed, a lone parent or a recently arrived migrant*; Department of Immigration and Multicultural Affairs, *The Labour Force Experience of new Migrants*, 2001, report prepared for DIMIA by S Richardson, F Robertson & D Isley, p. 22.

246 Richardson S, Robertson F, & Isley D (2001) *The Labour Force Experience of new Migrants* Department of Immigration and Multicultural Affairs, report prepared for Department of Immigration and Multicultural and Indigenous Affairs, p. 22.

247 Hugo G, (2004) *Temporary migration: a new paradigm of international migration*, Research Note, No. 55, Parliamentary Library, pp. 1-2.

countries. The increase in the participation rates is associated with the increasing participation of women in the labour force. Unemployment rates have decreased, but there are still significant numbers of people who are on unemployment payments for a long period.

- 2.163 There are significant implications for the workforce participation rate in the coming years as Australia's population ages. Increased participation is required to reduce skill shortages and improve quality of life for all Australians. Increased immigration will to some extent lessen the expected workforce shortage, but trends in fertility and mortality have the most influence on Australia's future population size and structure.
- 2.164 Among people aged over 55 years, workforce participation rates have risen over the past ten years, but still remain low in comparison with other age cohorts. Policies to encourage continued participation for Australia's older population have been developed, however there still needs to be better strategies to help mature age people find employment.
- 2.165 The nature of work has changed over the years. Significant increases in part-time and casual work have been evident. More employees that are full-time are working longer hours. There has clearly been a need to balance lifestyle and work, with family friendly work strategies becoming more common, as the number of people combining work and family responsibilities increased over the last 20 years.
- 2.166 Indigenous Australians experience a lower rate of workforce participation and higher levels of unemployment than non-Indigenous Australians. This in part can be related to the limited opportunities that are available to Indigenous people in remote areas.
- 2.167 Around one fifth of people with a disability have paid employment as their main source of income. However, there are increasing numbers of people with a disability on income support. People with a disability face particular disadvantages and often encounter greater costs in adjusting workplaces to suit needs. Lack of employer awareness can also disadvantage people with a disability that seek appropriate employment.
- 2.168 This chapter has provided the background to identify where efforts to improve participation should focus. Particular groups of people have specific needs to address in gaining employment and improving participation rates. The Committee notes in addition to encouraging job readiness, sufficient and suitable employment has also to be present.

3

Enough jobs

- 3.1 The Australian Chamber of Commerce and Industry (ACCI) believe that the Reserve Bank must allow the economy to expand more rapidly.¹ ACCI added that the current low unemployment rate reflects a strong-growing economy. ACCI also added that measures such as lifting interest rates, which are designed to slow down the economy, would reduce business activity, resulting in a flow on effect for the demand of labour.²
- 3.2 Private sector employment continues to grow at around the same rate as the pre-1970s rate while there has been a retraction of the public sector from the role of employer.³ The Melbourne Institute of Applied Economic and Social Research commented that in the 1950s to 1970s governments employed the people who were not highly productive.⁴ CofFEE commented that in the past it was implicit that the government was an employer of last resort to employ the most disadvantaged and lowest-skilled workers on a basic wage and had acted as a counter-cyclical employer.⁵

We do not advocate a return to these sorts of job opportunities. We are aware of national competition policy and we are aware of the corporatisation of the railways and other public utilities that used to provide a massive number of job opportunities. We accept the

1 Australian Chamber of Commerce and Industry, *Submission No. 63*, p. 15.
2 Mr Peter Anderson, Director, Workplace Policy, Australian Chamber of Commerce and Industry, *Transcript of Evidence*, 5 November 2003, pp. 4-5.
3 Professor William Mitchell, Professor of Economics and Director, Centre of Full Employment and Equity, University of Newcastle, *Transcript of Evidence*, 12 March 2004, pp. 3-4.
4 Dr Elizabeth Webster, Senior Research Fellow, Melbourne Institute of Applied Economic and Social Research, University of Melbourne, *Transcript of Evidence*, 24 March 2004, p. 17.
5 Professor William Mitchell, Professor of Economics and Director, Centre of Full Employment and Equity, University of Newcastle, *Transcript of Evidence*, 12 March 2004, p. 4; Centre of Full Employment and Equity, *Submission No. 60*, p. 4

political constraints and perhaps the economic constraints that prevent a return to that state of affairs.⁶

- 3.3 CIS also argued that part of the problem is that there needs to be enough jobs available for people to do if Australia is seeking to increase participation in paid work.⁷ There needs to be low skilled and low income jobs made available because of the problems with jobless households.⁸ In many European countries discussion of employment rates (the proportion of the population of workforce age employed) has reached the same importance in public debate as unemployment rates currently do in Australia.⁹

The problem is that we do not have enough jobs. We have been losing jobs – largely because of technology and partly also because we are pricing those jobs out through a high minimum wage. We are losing low skilled, low paid jobs.¹⁰

- 3.4 The Australian Council of Trade Unions (ACTU) called for job creation in the public sector to support services and growth, and in the private sector through R&D and industry policy. ACTU emphasised that promoting new investments could help create jobs, and in particular new investment opportunities in regions of high unemployment should be pursued.

Australia remains one of the least successful countries in the OECD in securing new foreign direct investment in manufacturing or related value added services. In addition, business investment in R&D is well below international benchmarks, as is investment of venture capital in new, rapidly growing companies.¹¹

- 3.5 ACOSS also argued for an increase in the number of jobs by addressing shortages in publicly funded services such as health, education and social welfare, environmental restoration and reducing excessive working hours in return for higher productivity.

6 Professor William Mitchell, Professor of Economics and Director, Centre of Full Employment and Equity, University of Newcastle, *Transcript of Evidence*, 12 March 2004, p. 4.

7 Professor Peter Saunders, Social Research Director, Centre for Independent Studies, *Transcript of Evidence*, 27 January 2004, p. 40; see also Mrs Mary Jenkins, Secretary, Underemployed People's Union WA Inc and Australian National Organisation of Unemployed, *Transcript of Evidence*, 6 April 2004, p. 39; Australian Council of Social Service, *Submission No. 74*, p. 20.

8 Professor Peter Saunders, Social Research Director, Centre for Independent Studies, *Transcript of Evidence*, 27 January 2004, p. 40.

9 Australian Council of Social Service, *Submission No. 74*, p. 18.

10 Professor Peter Saunders, Social Research Director, Centre for Independent Studies, *Transcript of Evidence*, 27 January 2004, p. 51.

11 Australian Council of Trade Unions, *Submission No. 69*, pp. 5, 22

Expanding labour-intensive human services, and similar industries (such as environmental repair) provides another vehicle for increasing employment. Policies designed for this purpose should lead to a permanent boost in employment...¹²

- 3.6 Dr Webster from the Melbourne Institute of Applied Economic and Social Research commented on the possibility of the emergence of a United States style secondary labour market:

... a labour market where they are requiring workers with low skills, there are no job career paths, there are lots of casual workers and people on usually very low wages and there is very high turnover in those jobs. That is a trend that has been going on probably for the last two decades. The top end is progressing and becoming more highly skilled, and people are receiving high incomes.¹³

- 3.7 BSL referred to research that indicates that much of the increase in welfare spending is the result of a lack of full-time jobs, with many people still unemployed after an extensive job search.¹⁴ ACOSS agreed that there was a jobs shortage:

Unemployment and income support reliance are primarily caused by structural problems within the labour market. While we may be facing a labour shortage in the future, there are currently not enough jobs, especially full time jobs, to meet the amount of labour available. The structure of the labour market away from middle-level jobs and towards part-time and casual employment at one end, and highly skilled, highly paid employment at the other end, is creating a growing polarisation within our community and is leaving more families jobless and reliant on income support.¹⁵

- 3.8 CoffEE emphasised the need for policy settings that can generate enough jobs and enough hours of work to address the current underutilisation of hours.¹⁶ ABS calculated that the extra hours that could be worked by those who are unemployed or underemployed and wish to work was 28.6

12 Australian Council of Social Service, *Submission No. 74*, p. 4.

13 Dr Elizabeth Webster, Senior Research Fellow, Melbourne Institute of Applied Economic and Social Research, University of Melbourne, *Transcript of Evidence*, 24 March 2004, p. 12.

14 Brotherhood of St Laurence, *Submission No. 81*, p. 3.

15 Australian Council of Social Service, *Submission No. 74*, p. 3.

16 Ms Sally Cowling, Research Fellow, Centre of Full Employment and Equity, University of Newcastle, *Transcript of Evidence*, 12 March 2004, p. 2.

million hours per week, which would increase the number of hours worked by 8.3 per cent.¹⁷

- 3.9 ACCI commented that joblessness in Australia reflects the insufficient rate at which jobs are being created and a welfare benefits system that distorts the incentives to participate in paid work.¹⁸ However, CIS cautioned that there are problems to the argument that the number of job vacancies is smaller than the number of people registered as unemployed. That line of argument underestimates the number of jobs available as it counts only current vacancies and not those filled internally or vacancies for which no recruitment action is required.
- 3.10 CIS added that an increase in the number of jobs must be coupled with improvements in incentives to take the jobs.¹⁹ CofFEE, however, emphasised that much of the public policy debate has been on the use of financial incentives to induce participation from those outside the labour force or nearing retirement, and not on the failure of active labour market programs to address unemployment.²⁰

The problem with running an exclusively supply-side strategy, an exclusive focus on active labour market programs as the means to address unemployment, is that it needs an analogue on the demand side. It needs jobs in which to help people make transitions.²¹

- 3.11 ACCI believes that employers are frustrated and are not employing additional people even though there is work to be done. The reasons for this includes the costs and regulatory aspects associated with employing someone and the availability of people with the right skills match and job readiness. Both the demand and supply sides of the equation need to be dealt with.²²

17 Australian Council of Social Service, *Submission No. 74*, p. 11 citing Australian Bureau of Statistics, *Australian Labour Market Statistics* (Cat. No 6105.0), July 2003, p. 14.

18 Australian Chamber of Commerce and Industry, *Submission No. 63*, p. 2.

19 Centre for Independent Studies, *Submission No. 75*, p. 1.

20 Ms Sally Cowling, Research Fellow, Centre of Full Employment and Equity, University of Newcastle, *Transcript of Evidence*, 12 March 2004, p. 2.

21 Ms Sally Cowling, Research Fellow, Centre of Full Employment and Equity, University of Newcastle, *Transcript of Evidence*, 12 March 2004, p. 11.

22 Mr Peter Anderson, Director, Workplace Policy, Australian Chamber of Commerce and Industry, *Transcript of Evidence*, 5 November 2003, p. 3.

Job creation strategies

- 3.12 There are a range of views concerning job creation strategies and the value of labour market programs. The Committee received evidence that was highly critical of labour market programs, suggesting that they only temporarily remove people from income support. Other agencies argued strongly for labour market programs as an important transition and training opportunity to assist disadvantaged groups to enter the workforce.

Public services

- 3.13 The number of employees in the Australian Public Service has declined by 30 per cent since 1987 resulting in the loss of 100 000 jobs.²³ The Central Western Regional Development Board expressed concern about the privatisation of government instrumentalities and the potential impact on rural and regional areas. The downsizing of government departments has had an additional negative impact on job numbers as the private sector previously benefited from the government training of employees.²⁴
- 3.14 CoffEE suggested a community development job guarantee to employ low-skilled workers.²⁵ CoffEE makes the point that unemployed welfare recipients are already in the 'public sector' and this capacity could be used to produce socially beneficial outputs and reduce the socially detrimental reactions to unemployment.²⁶ This proposal would assist people in gaining employment and not having to rely on welfare.²⁷

Intermediate labour market

- 3.15 Intermediate labour market (ILM) organisations are established to provide temporary wage employment for the long-term unemployed while

23 United Services Union, *Submission No. 85*, p. 6. See also Ms Lyn Fraser, Research Officer, United Services Union, *Transcript of Evidence*, 12 March 2004, pp. 33-4.

24 Central Western Regional Development Board, *Submission No. 46*, p. 3.

25 Ms Sally Cowling, Research Fellow, Centre of Full Employment and Equity, University of Newcastle, *Transcript of Evidence*, 12 March 2004, p. 2; Professor William Mitchell, Professor of Economics and Director, Centre of Full Employment and Equity, University of Newcastle, *Transcript of Evidence*, 12 March 2004, p. 5; See also Australian Bureau of Statistics (1998), *Australian Social Trends 1998, Work - Paid Work: Public sector employment*.

26 Centre of Full Employment and Equity, *Submission No. 60*, p. 3.

27 Professor William Mitchell and Ms Sally Cowling, Centre of Full Employment and Equity, University of Newcastle, *Transcript of Evidence*, 12 March 2004, p. 5.

providing support to move to the mainstream labour market.²⁸

Internationally there are a number of examples where this approach has been successful and there are now a few operating in Australia.

- 3.16 The United Kingdom model employs people with a community agency and then transfers them to employment opportunities once they have demonstrated they can do the job. These transitional positions tend to be full-time jobs which are more closely related to employment opportunities than Australia's Work for the Dole projects.²⁹ For example, in Glasgow the Wise Group trains unemployed people to draught-proof houses. It is long-term training which takes really difficult cases and spends the early months getting these people 'sane and balanced' through personal counselling.³⁰ Associate Professors Maude and Beer added that this is a more expensive option than standard labour market programs but there has generally been a higher success rate measured by a reduction in long-term employment.³¹
- 3.17 The Swedish model provides a subsidy to employers to release their lower skilled workers to go to training, and the model also provides a work experience opportunity for long-term unemployed people. Many of the participants acquire long-term employment as a result.³²
- 3.18 Associate Professor Alaric Maude cited the example of an Anglicare project in Sydney which provides an intermediate labour market. The ILM trains unemployed people in work discipline and work skills in a job which is commercially viable. This business partially funds itself by recycling computers for sale, so that people are trained in a real world situation and not a sheltered workshop. This produces a service for which there is a commercial demand and is similar to the work environment they will move into.³³
- 3.19 The ILM approach deals with the long-term unemployed where standard programs do not work and it is more difficult to move them to paid employment. For example, the Commonwealth Rehabilitation Service

28 Associate Professor Alaric Maude and Associate Professor Andrew Beer, *Submission No. 43*, p. 12.

29 Dr Stephen Ziguras, Research and Policy Manager, Brotherhood of St Laurence, *Transcript of Evidence*, 19 March 2004, p. 34.

30 Associate Professor Alaric Maude, *Transcript of Evidence*, 18 March 2004, p. 5.

31 Associate Professor Alaric Maude and Associate Professor Andrew Beer, *Submission No. 43*, p. 12 citing Marshall B and R Macfarlane (2000) *The Intermediate Labour Market: A Tool for Tackling Long-Term Unemployment*, Joseph Rowntree Foundation, York, pp. 40-48.

32 Dr Stephen Ziguras, Research and Policy Manager, Brotherhood of St Laurence, *Transcript of Evidence*, 19 March 2004, p. 34; Brotherhood of St Laurence, *Submission No. 81*, p. 7.

33 Associate Professor Alaric Maude, *Transcript of Evidence*, 18 March 2004, pp. 5, 9.

Australia (CRS) has programs to support all people with disabilities, including mental health problems, to join the labour force. There needs to be a way of preparing people ready to benefit from the CRS program.³⁴

3.20 Associate Professor Maude also notes that in Australian labour market programs:

... local communities have very little scope to influence the employment services delivered in their area, and there are no local partnerships of the type common in Europe.³⁵

3.21 BSL commented that it has successfully implemented the ILM model, by using its status as a 'Group Training Organisation' to employ trainees from disadvantaged backgrounds. BSL has found the funding to be often inadequate and fragmented and to involve substantial organisational resources. BSL have found positions for 100 long-term unemployed people in Fitzroy with funding from existing programs and \$100 000 from their own funds. BSL estimate that the savings from reduced social security payments is about \$1m for this group and that greater funding for targeted programs would be cost-effective and efficient.³⁶

There are several Federal government programs which provide funding for these activities but they tend to be disconnected and uncoordinated. Some have explicit guidelines which prevent participation in more than one program at once (for example JN and PSP except for the 'transition period'). We believe the system would be more effective if these programs were 'joined-up' for job-seekers with the greatest barriers to employment, an approach also suggested by others (e.g. Hanover Welfare Services 2003).³⁷

3.22 DEWR, however, made the point that Job Seeker Accounts, which can be accessed by employment services to assist individuals, already allow a range of options including assisting people in obtaining work experience, training and wages. The Job Network approach is flexible, rather than a one-size-fits-all approach and those sorts of ideas and linkages can work well.³⁸

34 Associate Professor Alaric Maude, *Transcript of Evidence*, 18 March 2004, pp. 6-7.

35 Associate Professor Alaric Maude and Associate Professor Andrew Beer, *Submission No. 43*, pp. 6-7.

36 Brotherhood of St Laurence, *Submission No. 81a*, p. 11.

37 Brotherhood of St Laurence, *Submission No. 81a*, p. 11 citing Hanover Welfare Services (2003) *A new approach to assisting young homeless job seekers*, Hanover Welfare Services, South Melbourne.

38 Mr Graham Carters, Group Manager, Employment Policy Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 26 May 2004, p. 24.

Labour market reform

3.23 DEWR stated that:

In an environment in which Australian industry is being exposed to ever increasing levels of international competition, and where technological change is accelerating, it is crucial that governments examine how they can provide a policy and legislative framework most conducive to creating efficient, flexible and competitive businesses.³⁹

3.24 ACCI added that changes during the 1990s have shown that industrial relations reforms can increase productivity and provide new employment opportunities.⁴⁰ Labour market reform has been one of the factors in conjunction with a range of microeconomic reforms over the last decade that has contributed to Australia's labour productivity performance being very strong:

It is not something that I think you can make an absolutely definitive statement about, but there are some very strong reasons to conclude that labour market reform – not just under the current government, of course; you can go back to enterprise bargaining under the previous government and award restructuring under the structural efficiency principle – has really picked up from the introduction of those changes.⁴¹

3.25 Treasury emphasised that greater flexibility in the labour market can increase job opportunities, and stated that although there has to be a strong proportion of full-time jobs, women and people coming off income support may use part-time or casual work.⁴²

It reflects changing flexibility – the way employers and the private sector operate, and often the way that families and individuals operate in the labour market themselves.⁴³

3.26 The Australian Government is considering options to enhance productivity and changes needed in the economy:

39 Department of Employment and Workplace Relations, *Submission No. 72*, p. 6.

40 Australian Chamber of Commerce and Industry, *Submission No. 63*, p. 15.

41 Mr Scott Matheson, Acting Group Manager, Employment Analysis and Evaluation Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 September 2003, p. 9.

42 Mr David Tune, General Manager, Social Policy Division, Treasury, *Transcript of Evidence*, 26 May 2004, p. 15.

43 Mr David Tune, General Manager, Social Policy Division, Treasury, *Transcript of Evidence*, 26 May 2004, p. 15.

There are issues around the way we regulate the economy. Whether we can reduce the regulatory burden is another possible avenue. There are issues around the way we regulate the professions. There may be possibilities to ease up there and perhaps increase productivity.⁴⁴

3.27 The key elements of the Australian Government's legislative program include:

- further reducing the burden of unfair dismissal laws on business, particularly small businesses;
- extending the federal unfair dismissal jurisdiction to cover employees in all incorporated entities;
- requiring a secret ballot before protected industrial action can be taken;
- providing a mechanism for resolving transmission of business complexities in relation to certified agreements;
- providing improved protection against unacceptable industrial behaviour;
- improving compliance by unions with orders and directions of the Australian Industrial Relations Commission and Federal Court;
- further simplifying awards;
- ensuring that adjustments to the award safety net are made with appropriate recognition to the needs of the low paid; and
- simplifying agreement-making procedures.⁴⁵

3.28 ACTU stated that unemployment and income support reliance are primarily caused by structural problems within the labour market. A range of measures including the adoption of appropriate legislation, the creation of an environment that is more conducive to the elimination of discriminatory employment practices, implementation of more family friendly policies and the need for the re-regulation of the labour markets, are necessary to increase employment opportunities and encourage workforce participation.⁴⁶

44 Mr David Tune, General Manager, Social Policy Division, Treasury, *Transcript of Evidence*, 26 May 2004, p. 14.

45 Mr Graham Carters, Group Manager, Employment Policy Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 September 2003, p. 6; Department of Employment and Workplace Relations, *Submission No. 72*, p. 7.

46 Australian Council of Trade Unions, *Submission No. 69*, p 5.

- 3.29 BSL commented that Australia's investment in labour market programs is significantly less than that of other countries in the OECD. A greater level of investment in programs to provide training, work experience and post-placement support is necessary to assist the most disadvantaged job seekers to participate in employment.⁴⁷

Deregulation

- 3.30 One approach suggested to encourage flexible work options is a reduction of regulation imposed on those seeking to negotiate mutually beneficial wages and conditions.⁴⁸ Further, DEWR stated that both employers and employees require flexibility in working arrangements and that these agreements are better worked out at the individual workplace level so that they are mutually beneficial.

Flexible labour market arrangements are one of the crucial determinants of an economy's capacity to take advantage of growth opportunities in the information technology age.⁴⁹

- 3.31 It was argued that the main constraint on increasing participation in paid work is the level of regulation which keeps employment at a lower level.⁵⁰ The Institute for Private Enterprise (IPE) added that this redistributes income from the lower to the higher income groups and encourages a resort to social welfare benefits.⁵¹ IPE commented that:

Even international economic organisations such as the OECD and the IMF, which are normally hesitant about recommending specific policy changes, have increasingly proposed reduced regulation of employer and employee relations and the provision of greater freedom for employers and employees to negotiate the terms and conditions of employment.⁵²

- 3.32 Changes in the Australian labour market due to globalisation have brought about a need to adopt more flexible workplaces.⁵³ The

47 Australian Council of Social Service, *Submission No. 74*, p. 3.; Brotherhood of St Laurence, *Submission No. 81*, p. 7.; United Services Union, *Submission No. 85*, p. 7 citing OECD 2002, *Society at a glance*, OECD, Paris

48 Treasury, (2004) *Australia's Demographic Challenges*, p. 13; OECD (2005) *Economic survey of Australia 2004*, Policy Brief, pp. 2.

49 Department of Employment and Workplace Relations, *Submission No. 72*, p. 6.

50 Institute for Private Enterprise, *Submission No. 44*, pp. 1-2; H.R. Nicholls Society Inc, *Submission No. 100*, p. iii.

51 Institute for Private Enterprise, *Submission No. 44*, p. 2

52 Mr Des Moore, Director, Institute for Private Enterprise, *Transcript of Evidence*, 20 February 2004, p. 38; OECD (2005) *Economic survey of Australia 2004*, Policy Brief, pp. 2-3.

53 Department of Employment and Workplace Relations, *Submission No. 72*, p. 6.

deregulation of the labour market that accompanies globalisation has the effect of a rapid growth in the services sector, particularly in the non-importing areas.⁵⁴ ACCI believes that:

... removing regulatory impediments to workplace efficiency and the raft of on-costs associated with award requirements will generate increased labour demand and greater labour productivity, leading in turn to better employment outcomes.⁵⁵

3.33 There is a need to create more positions that will encourage mature age workers and parents into the workforce and establish more family friendly workplaces and practices. It is the Australian Government's view that workplace reforms:

... should remain as flexible as possible and that the legislation supporting it be as minimal as possible to basically optimise the opportunities for individual workplace agreements and arrangements to be developed to suit the employer and employee. ... we have quite recently opened the new Workplace Advisory Service to better promote these flexibilities which can be included in certified agreements or workplace agreements.⁵⁶

3.34 Greater flexibility may change the culture of the private sector to make it more responsive.⁵⁷ While an award condition may be appropriate for one business, it may impede the efficiency of practices in other workplaces, and these awards apply for an indefinite period irrespective of any change in circumstances.⁵⁸ There is currently a proliferation of awards.⁵⁹

3.35 ACCI supported decentralisation, which gives primacy to the interests of the employer and employee parties in the employment relationship. ACCI added that:

Further decentralisation of the industrial relations system will allow businesses to adopt efficient workplace practices and boost worker productivity. But perhaps of greater importance is that

54 St Vincent de Paul Society National Council, *Submission No. 98*, p. 9.

55 Australian Chamber of Commerce and Industry, *Submission No. 63*, pp. 1-2.

56 Mr Graham Carters, Group Manager, Employment Policy Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 September 2003, p. 6.

57 Mr David Tune, General Manager, Social Policy Division, Treasury, *Transcript of Evidence*, 26 May 2004, p. 14.

58 Australian Chamber of Commerce and Industry, *Submission No. 63*, pp. 11-13. See also Mr Richard Calver, National Director, Industrial Relations, Master Builders Australia, *Transcript of Evidence*, 3 March 2004, p. 16.

59 Mr Richard Calver, National Director, Industrial Relations, Master Builders Australia, *Transcript of Evidence*, 3 March 2004, p. 16.

restraint is exercised in the determination of increases in the award safety net, lower labour costs will enable business to employ more workers and make substantial in-roads into the current level of unemployment.⁶⁰

- 3.36 The Australian Sugar Milling Council Pty Ltd commented that there are numerous regulations imposed by both State and Federal Governments that deter companies from engaging additional labour.⁶¹ It was argued that if employers face fewer costs and fewer risks, they are more likely to employ additional people.⁶²
- 3.37 In terms of changes in the industrial landscape, about 27 per cent of agreements in Victoria are collective agreements without union involvement. The AIG would like to see better industrial relations-workplace relations systems in place which encourage resolution within enterprises and give incentives to investment and job creation.⁶³
- 3.38 CIS also argued that the award system needs to be overhauled as more than 20 per cent of workers still depend entirely on awards.⁶⁴ CIS argued that the award system frustrates productivity as it does not take into account the circumstances of a particular enterprise and is adversarial in nature.⁶⁵
- 3.39 The H.R. Nicholls Society referred to the low unemployment rates in the United States and argued that people in Australia are locked out of the labour market by regulation while people in the US have the opportunity to get a job even if they are unskilled.⁶⁶ In the US, the minimum hourly rate is set by Congress.⁶⁷
- 3.40 The H.R. Nicholls Society would like to see Australian Workplace Agreements much more accessible to workers and employers, and thus

60 Australian Chamber of Commerce and Industry, *Submission No. 63*, p. 11.

61 Australian Sugar Milling Council Pty Ltd, *Submission No. 45*, p. 9.

62 Mr Des Moore, Director, Institute for Private Enterprise, *Transcript of Evidence*, 20 February 2004, pp. 39, 42.

63 Mrs Heather Ridout, Deputy Chief Executive Officer, Australian Industry Group, *Transcript of Evidence*, 27 January 2004, pp. 7-8.

64 Centre for Independent Studies, *Submission No. 75*, p. 4 citing Australian Bureau of Statistics, *Employee Earnings and Hours*, ABS (Cat. No. 6306.0), May 2002, Table 25.

65 Centre for Independent Studies, *Submission No. 75*, pp. 4-5. For the details of the proposal, see *Exhibit 36*, Kayoko Tsumori, (2003) *Poor Laws (3): How to reform the Award System and create more jobs*, CIS Issue Analysis Paper No. 41, November 2003, Sydney: Centre for Independent Studies.

66 Mr Ray Evans, H.R. Nicholls Society Inc., *Transcript of Evidence*, 20 February 2004, p.13.

67 Mr Ray Evans, H.R. Nicholls Society Inc., *Transcript of Evidence*, 20 February 2004, p.19.

contribute to the reduction in unemployment. Alternatively, the Society suggested that in regions where unemployment is particularly high:

... special free-labour-market zones should be designated to free those people without jobs to determine where their interests lie unconstrained by regulations put in place by people remote from them both geographically and in terms of real appreciation of their plight.⁶⁸

- 3.41 IPE added that the argument about the imbalance of bargaining power between employers and employees, with the employee being disadvantaged, is fallacious.

The labour market operates in an environment where labour demand and supply are equated by competition for the labour services of over 10 million workers, between over a million businesses.⁶⁹

- 3.42 The H.R. Nicholls Society added that there are millions of employers and small businesses from which employees could choose, and that it is only in a monopoly situation that there is an imbalance of power.⁷⁰

... since at any given time there are numerous jobs on offer and numerous people looking for jobs, there is no power imbalance *at the time an employment relationship is formed*. Either party can reject terms demanded by the other if they believe they fall short of competitive terms available elsewhere.⁷¹

- 3.43 IPE believes that there needs to be an advisory service. This would increase the capacity of people to negotiate on their own behalf as a result of the various changes in the economy and education. In London, the Advisory, Conciliation and Arbitration Service is a voluntary organisation that has been successfully providing this service to both employers and employees.⁷²

- 3.44 The Institute cautioned that there would need to be a change of culture before deregulation would result in another 2 million people being

68 H.R. Society Inc, *Submission No. 100*, p. ii.

69 Mr Des Moore, Director, Institute for Private Enterprise, *Transcript of Evidence*, 20 February 2004, pp. 38-39.

70 Mr Ray Evans, H.R. Nicholls Society Inc., *Transcript of Evidence*, 20 February 2004, p.16.

71 H.R. Nicholls Society Inc, *Submission No. 100*, p. 16.

72 Mr Des Moore, Director, Institute for Private Enterprise, *Transcript of Evidence*, 20 February 2004, p. 39.

employed. It would take some time to educate employers, employees and unions and to adapt to the new system.⁷³

3.45 USU commented that re-regulation of the labour market is needed to stop the decline of quality jobs and reductions in worker entitlements.⁷⁴ ACTU call for an extension of regulations for working hours as well as casual and part-time employment to labour hire and contracting firms.⁷⁵

3.46 SDAEA commented that there is no evidence that workplace regulation adversely affects employment and there are benefits to employees from the presence of unfair dismissal laws. The setting aside, or removal of these laws, should only occur, if at all, if there is compelling and overwhelming evidence that the presence of these laws is harming, to a significant degree, the Australian economy and people seeking work.⁷⁶

Australian Workplace Agreements

3.47 The Workplace Relations Act promotes agreement in all forms and does not discriminate between agreement making options. It includes certified agreements, Australian workplace agreements and individual agreements, and does not discourage informal agreements.⁷⁷ DEWR added that workplace agreements can provide:

- flexibility in start and finishing times;
- averaging hours over weeks, months and a year;
- staggered starting and finishing times (on a regular or irregular basis);
- flexible working time arrangements;
- greater flexibility in utilising rostered days off;
- cashing out of some leave entitlements;
- annualised salaries incorporating penalty rates and overtime components;
- flexibility in rest and meal breaks; and

73 Mr Des Moore, Director, Institute for Private Enterprise, *Transcript of Evidence*, 20 February 2004, pp. 44-45.

74 United Services Union, *Submission No. 85*, p. 7.

75 Australian Council of Trade Unions, *Submission No. 69*, p.11.

76 Shop Distributive & Allied Employees' Association, *Submission No. 79*, p 70.

77 Mr Scott Matheson, Acting Group Manager, Employment Analysis and Evaluation Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 September 2003, p. 8.

- provisions to assist with balancing work and family responsibilities.⁷⁸

Minimum wages

- 3.48 ACCI believes that minimum wages have acquired an 'inappropriate momentum' and that the increases are 'inherently contrary to sound labour market and economic outcomes'.

Employers continue to be subject to multiple federal and state awards containing multiple wages points. The Australia industrial system still provides for many thousands of wage classifications each with their own minimum wages. No other major international trading economy has such a system, and Australian minimum wages policy appears to be at odds with international best practice.⁷⁹

- 3.49 Australia has one of the highest minimum wages, relative to the average wage, in the world and Australia's minimum wage is the second highest of the OECD countries behind France.⁸⁰ ACOSS argued that in Australia there will always be a minimum wage, the question is the level.⁸¹ H.R. Nicholls Society commented that the minimum wage is the basis on which the cost of other regulations is superimposed.⁸² The minimum wage system is predicated on the needs of a single adult to maintain a reasonable standard of living. Family payments are a supplement to household incomes where there are children and there are tax concessions for a dependent spouse.⁸³

... in the US economy, which arguably has the most flexible labour market ... you see a lot less part-time employment than you do in other countries, especially Australia. Then if you look at Australia's minimum wage to medium-wage proportion, we are the second highest in the OECD. While most surveys show that people in part-time work want those sorts of hours and do not

78 Department of Employment and Workplace Relations, *Submission No. 72*, pp. 6-7.

79 Australian Chamber of Commerce and Industry, *Submission No. 63*, pp. 13-14.

80 Professor Peter Saunders, Social Research Director, Centre for Independent Studies, *Transcript of Evidence*, 27 January 2004, p. 41; Mr Des Moore, Director, Institute for Private Enterprise, *Transcript of Evidence*, 20 February 2004, p. 40.

81 Mr Philip O'Donoghue, Acting Director, Australian Council of Social Service, *Transcript of Evidence*, 28 January 2004, p. 12.

82 H.R. Nicholls Society Inc, *Submission No. 100*, p. iv.

83 Mr Philip O'Donoghue, Acting Director, Australian Council of Social Service, *Transcript of Evidence*, 28 January 2004, p. 5.

want any more, it also suggests that employers may be responding to the rigidity still within the Australian labour market.⁸⁴

- 3.50 There is mixed evidence as to whether lowering or removing the minimum wage would have a significant effect.⁸⁵ ACTU opposes the freezing or restraining of minimum wages to create more jobs and to contain inflation. ACTU stated that although income restraint could help reduce unemployment, lowering minimum wages 'may not be the solution'.⁸⁶
- 3.51 ACTU dispute the argument that freezing minimum wages would create more jobs and contain inflation. Instead, they recommend regular adjustments of the award minimum wages.⁸⁷
- 3.52 In the United Kingdom, the Low Pay Commission recommends a minimum wage but it has been argued that this has been set at about the market wage so there have been very few adverse effects.⁸⁸
- 3.53 While supporting the freezing of a minimum wage, the CIS caution against a high award minimum wage which they suggest hinders job creation:

It is often claimed that a high minimum wage is necessary to meet the 'needs of the low-paid' and alleviate poverty, but 40% of adults receiving the minimum wage or less in 1994-95 were living with higher-paid adults and were sharing a relatively high standard of living.⁸⁹ A high minimum wage can perpetuate, rather than alleviate, poverty by increasing unemployment. At the very least, we need a mechanism, similar to Britain's Low Pay Commission, to set the minimum wage at a level that would not deter job creation ... an increased personal tax-free threshold would more than compensate for any earnings foregone.⁹⁰

84 Mr Dehne Taylor, Manager, Labour Market Unit, Treasury, *Transcript of Evidence*, 26 May 2004, p. 15.

85 Mr Philip O'Donoghue, Acting Director, Australian Council of Social Service, *Transcript of Evidence*, 28 January 2004, pp. 12-13;

86 Australia Council of Trade Unions, *Submission No. 69*, pp. 18, 21-22.

87 Australia Council of Trade Unions, *Submission No. 69*, pp. 15, 18.

88 Mr Des Moore, Director, Institute for Private Enterprise, *Transcript of Evidence*, 20 February 2004, p. 45.

89 Sue Richardson and Ann Harding, (1998) *Low Wages and the Distribution of Family Income in Australia*, Discussion Paper No. 33 (Canberra: National Centre for Social and Economic Modelling, September 1998), pp. 14-16.

90 Centre for Independent Studies, *Submission No. 75*, p. 4.

- 3.54 CIS suggested that freezing the minimum wage would generate more jobs at the lower end of the market.⁹¹ Further, Australia needs to take into account local and regional variations in labour market conditions:

It is absurd to force employers in an area of relatively low housing costs and high unemployment to pay the same wages and conditions to unskilled workers that they would have to pay in an area of high housing costs and low unemployment ... We need serious thinking about labour market reform.⁹²

- 3.55 It is important that the minimum wage be set at a level that does not deter job creation, allowing Australian companies to compete internationally and is applicable to Australia's industrial and political system. The AIG called for changes to the current approach of setting the minimum wages because of the impact on the employment prospects of the low skilled and potential workers.⁹³ The minimum wage is about \$22 000 and unemployment benefits are about \$10 000 so there is an enormous gap.⁹⁴

- 3.56 Australian companies compete with low wage countries such as China.⁹⁵ In attempting to be internationally competitive, the major cost is labour, and on-costs can reach 40 per cent.⁹⁶ The Society for Australian Industry and Employment argued that cheaper wages to make Australia more competitive would not be acceptable given the differential between wages in Australia and countries like China. The Society for Australian Industry and Employment added that to reduce it by only ten per cent would have no impact.⁹⁷

... the objective of international trade is to improve the standard of living. Therefore, a reduction in local wages, in my opinion, is a counterproductive move. Protection, unfortunately, although it has been a dirty word, is becoming more used these days. Protection of

91 Professor Peter Saunders, Social Research Director, Centre for Independent Studies, *Transcript of Evidence*, 27 January 2004, p. 44

92 Professor Peter Saunders, Social Research Director, Centre for Independent Studies, *Transcript of Evidence*, 27 January 2004, p. 41.

93 Mrs Heather Ridout, Deputy Chief Executive Officer, Australian Industry Group, *Transcript of Evidence*, 27 January 2004, p. 2.

94 Mr Des Moore, Director, Institute for Private Enterprise, *Transcript of Evidence*, 20 February 2004, p. 40.

95 Society for Australian Industry and Employment Inc, *Submission No. 48*, p. 1.

96 Australian Sugar Milling Council Pty Ltd, *Submission No. 45*, pp. 7-8; see also Central Western Regional Development Board, *Submission No. 46*, p. 3;

97 Mr Ernest Rodeck AM, Honorary Chairman, Society for Australian Industry and Employment, *Transcript of Evidence*, 20 February 2004, p. 50.

the Australian standard of living can be obtained without reducing wages.⁹⁸

Unfair dismissal laws

- 3.57 IPE believes that unfair dismissal is a significant inhibitor of employment by small business.⁹⁹ CIS claimed that if the unfair dismissal legislation were introduced 77 000 jobs would be created in the small business sector.¹⁰⁰

The existing *unfair dismissal laws* discourage employers from taking on new workers because it is costly to dismiss them if they later turn out unsatisfactory. This is particularly true for small-business employers, who, unlike their bigger-business counterparts, may lack the resources necessary to cope with unfair dismissal allegations.¹⁰¹

- 3.58 ACCI also considers that the unfair dismissal laws are an unreasonable burden on employers:

Its subjective, costly and litigious character creates uncertainty in the minds of employers when facing the necessary decisions to discipline or terminate staff ... The behaviour of agents acting on behalf of the applicants must be monitored to ensure that it is both ethical and supportive of a good workplace relations system.¹⁰²

- 3.59 AIG supports changes in the unfair dismissal system and suggested that a person working in a company that employs 20 people should not have more rights than a person in a company which employs 19 people. There needs to be a practical solution such as longer probationary periods and a reduced procedural fairness provision.¹⁰³
- 3.60 CIS suggested that the argument about unfair dismissal does not matter for big employers as they can carry the cost. Small employers may seek to

98 Mr Ernest Rodeck AM, Honorary Chairman, Society for Australian Industry and Employment, *Transcript of Evidence*, 20 February 2004, p. 52.

99 Mr Des Moore, Director, Institute for Private Enterprise, *Transcript of Evidence*, 20 February 2004, p. 41.

100 Professor Peter Saunders, Social Research Director, Centre for Independent Studies, *Transcript of Evidence*, 27 January 2004, p. 41.

101 Centre for Independent Studies, *Submission No. 75*, p. 4 citing Don Harding, (2002) *The Effect of Unfair Dismissal Laws on Small and Medium Sized Businesses* (Melbourne: Melbourne Institute of Applied Economic and Social Research, The University of Melbourne, 29 October 2002).

102 Australian Chamber of Commerce and Industry, *Submission No. 63*, p. 14.

103 Mrs Heather Ridout, Deputy Chief Executive Officer, Australian Industry Group, *Transcript of Evidence*, 27 January 2004, p. 8.

circumvent the problem by moving to casualisation, paying existing workers overtime or substituting machinery for a worker.¹⁰⁴

3.61 The Central Western Regional Development Board (CWRDB) also supported the view that unfair dismissal laws have contributed to the casualisation of the workforce and stated that contract employment has destabilised the workforce.¹⁰⁵

3.62 SDAEA argued, however, that the relationship between unfair dismissal laws and employment inhibition is unproven and cited the conclusion drawn by the Full Court of the Federal Court of Australia.¹⁰⁶ The Court found that:

Whether the possibility of encountering an unlawful dismissal claim makes any practical difference to employers' decisions about expanding their labour force is entirely a matter of speculation. We cannot exclude such a possibility; but, likewise, there is no basis for us to conclude that unfair dismissal laws make any difference to employers' decisions about recruiting labour.¹⁰⁷

Assistance and incentives

Employer incentives

3.63 ACOSS supports carefully targeted wage subsidies for employers prepared to take on the long-term and disadvantaged job-seekers.¹⁰⁸ The Melbourne Institute of Applied Economic and Social Research also saw wage subsidies as having the greatest impact in terms of getting people into work, while training programs appear to have the least impact. The benefits of a wage subsidy approach is that the employer can get to know the potential employee, while at TAFE (Technical and Further Education) or there is not this opportunity.¹⁰⁹ COTA NSP agreed that the provision of

104 Professor Peter Saunders, Social Research Director, Centre for Independent Studies, *Transcript of Evidence*, 27 January 2004, p. 46.

105 Central Western Regional Development Board, *Submission No. 46*, p. 3.

106 Shop Distributive and Allied Employee's Association, *Submission No. 79*, p. 71 citing the Full Court of the Federal Court of Australia, 19 November 2001, *Hamzy v Tricon International Restaurants trading as KFC* [2001] FCA 1589, paragraph 70.

107 Full Court of the Federal Court of Australia paragraph 70, 19 November 2001, *Hamzy v Tricon International Restaurants trading as KFC* [2001] FCA 1589, paragraph 70.

108 Australian Council of Social Service, *Submission No. 74*, p. 22.

109 Dr Elizabeth Webster, Senior Research Fellow, Melbourne Institute of Applied Economic and Social Research, University of Melbourne, *Transcript of Evidence*, 24 March 2004, p. 13.

wage subsidies would assist older workers in 'getting a foot in the door', particularly for the most difficult to place mature people.¹¹⁰

- 3.64 About 19 per cent of the funds for Jobseeker Accounts are spent on employer incentives, predominantly wage subsidies. Other items can include pre-employment costs such as medical examinations, clothing and equipment, police checks and workplace modifications.¹¹¹
- 3.65 Dr Webster from the Melbourne Institute of Applied Economic and Social Research added that there is no doubt that the offer of a wage subsidy will get people jobs but in terms of program outcomes, the people participating in a wage subsidy program are only ten per cent more likely than their control counterpart to be employed after the completion of the program. At the end of 18 months there is probably the same probability of two identical people having a job when one has done the program and one has not.¹¹²
- 3.66 CIS did not believe that employer subsidies work as a general strategy and that this money could be more efficiently spent.¹¹³ CIS commented that a review of wage subsidies in France, Germany, the Netherlands, United States of America and the United Kingdom found that they 'tend not to be effective with harder-to-serve groups' such as the long-term unemployed.¹¹⁴ Employers prefer to appoint the right candidate and often worry about the quality of people who need a government subsidy before anyone will employ them.¹¹⁵

The OECD also reports that these schemes suffer from very substantial 'deadweight effects' (government pays subsidies to employers who would have created these positions anyway) and 'displacement effects' (people are recruited from the

110 Council on the Ageing National Seniors Partnership, *Submission No. 86*, p. 11.

111 Mr Graham Carters, Group Manager, Working Age Policy Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 February 2005, p. 13; Mr Finn Pratt, Group Manager, Intensive Support Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 26 May 2004, p. 6.

112 Dr Elizabeth Webster, Senior Research Fellow, Melbourne Institute of Applied Economic and Social Research, University of Melbourne, *Transcript of Evidence*, 24 March 2004, p. 16.

113 Professor Peter Saunders, Social Research Director, Centre for Independent Studies, *Transcript of Evidence*, 27 January 2004, pp. 40, 46.

114 Centre for Independent Studies, *Submission No. 75*, p. 3 citing Martin Evans, *Welfare to Work and the Organization of Opportunity*, CASE Report No.15, London School of Economics, 2001, p. 49.

115 Centre for Independent Studies, *Submission No. 75*, p. 3 citing John Martin, (2000) 'Labour market programs' In Business Council of Australia, *New Directions: Rebuilding the Safety Net* (Business Council of Australia, Melbourne, 2000), 94-97.

unemployment rolls into subsidised jobs, but other people are then deprived of jobs they would otherwise have got).¹¹⁶

- 3.67 The Physical Disability Council of Australia (PDCA) suggested incentives for employers to take on someone with a disability. This could include subsidised wages for a period of time and case management.¹¹⁷ Employment services funded by FaCS can utilise employer incentives and the Workplace Modification Scheme but wage subsidies are not generally considered necessary.

Either providers believe they can get a job without necessarily providing a financial incentive to the employer – and where they can do that they prefer to do it that way – or, similarly, they will only tap into the Workplace Modification Scheme funds where they believe it is absolutely necessary to ensure the best fit of job seeker to workplace or where the employer has indicated they have some financial difficulty in meeting some of those workplace modification costs.¹¹⁸

- 3.68 PDCA did not personally favour employer incentives, on the basis that the incentives ask employers to do what they should be doing legally anyway.¹¹⁹ Employers Making a Difference (EMAD) believe that offering an employer a financial incentive to take on someone with a disability who is unemployed sends the wrong message.¹²⁰ A better approach would be to offer funding for any necessary workplace modifications that may be required to ensure that the person with a disability is able to operate effectively in that position.¹²¹ On the other hand, the National Ethnic Disability Alliance (NEDA) took the approach that as legislative reform will take a long time, incentives, education and other softer approaches should be there in the absence of legislative requirements.¹²²

116 Centre for Independent Studies, *Submission No. 75*, p. 3 citing John Martin, (2000) 'Labour market programs' In Business Council of Australia, *New Directions: Rebuilding the Safety Net* (Business Council of Australia, Melbourne, 2000), 94-97.

117 Physical Disability Council of Australia Ltd, *Submission No. 76*, p. 1.

118 Mr Carl Princehorn, Director, Participation Strategies, Department of Family and Community Services, *Transcript of Evidence*, 26 May 2004, p. 9.

119 Ms Susan Egan, Executive Officer, Physical Disability Council of Australia, *Transcript of Evidence*, 31 March 2004, p. 10.

120 Ms Suzanne Colbert, Chief Executive Officer, Employers Making a Difference, *Transcript of Evidence*, 27 January 2004, p. 38.

121 Ms Suzanne Colbert, Chief Executive Officer, Employers Making a Difference, *Transcript of Evidence*, 27 January 2004, p. 38.

122 Ms Lou-Anne Lind, Executive Director, National Ethnic Disability Alliance, *Transcript of Evidence*, 31 March 2004, p. 10.

Taxation measures

- 3.69 Earned Income Tax Credits (EITC) were introduced in the United States in the late seventies and in Britain in 1997.¹²³ The United States provides tax incentives for businesses who recruit a person with a disability in the form of tax credits, tax deductions and tax incentives.¹²⁴
- 3.70 EMAD commented that previously incentives have been in relation to an individual. The introduction of tax credits for organisations who demonstrate a genuine structural change in relation to the employment of people with a disability would show that that approach is valued by the Australian community.¹²⁵ EMAD argued that tax input credits would encourage employers to employ people with a disability, and acknowledges that there may be additional costs.¹²⁶
- 3.71 ACOSS argued that an EITC system could be costly and low-paid workers may be worse off as they may not be entitled to tax credits. This in turn may remove incentives for people to participate in the workforce. The United States of America and British experience show that, as labour costs are shifted from employers to government, and public demand for the tax credits increases, the cost of these subsidies rises exponentially. The cost of the United States of America EITC increased four-fold over the 1990s, and the cost of British Working Families Tax Credit is estimated to double from 2001 to 2005.¹²⁷
- 3.72 If tax credits were introduced, employers would still need to meet the employment costs initially, would not recover the full costs and there would be administrative issues.¹²⁸ Tax credits appear to work well in the United Kingdom because of the low levels of literacy and numeracy but this is not a problem in Australia to the same extent.¹²⁹
- 3.73 The Australian Federation of Deaf Societies also commented that even though tax credits are available in the United States of America, only

123 Professor Peter Saunders, Social Research Director, Centre for Independent Studies, *Transcript of Evidence*, 27 January 2004, p. 44.

124 Employers Making a Difference, *Submission No. 70*, p. 4.

125 Ms Suzanne Colbert, Chief Executive Officer, Employers Making a Difference, *Transcript of Evidence*, 27 January 2004, p. 39.

126 Employers Making a Difference, *Submission No. 70*, p. 5.

127 Australian Council of Social Service, *Submission No. 74*, p. 21.

128 Mr Joe Sabolcec, Executive Officer, Australian Federation of Deaf Societies, *Transcript of Evidence*, 28 January 2004, p. 41.

129 Mr Des Moore, Director, Institute for Private Enterprise, *Transcript of Evidence*, 20 February 2004, p. 45.

36 per cent of private sector employees used sign language interpreters compared to 79 per cent of public sector employers.¹³⁰

Tax credits also subsidise low-paying employers who can rely on the government to supplement inadequate wages. Indeed, they encourage fraud, for employers collude with their workers to pay a proportion of the wage 'off the books' so as to maximise tax credit payments.¹³¹

3.74 The Regional Business Development Panel found that people believe that changes to the taxation system could assist the development of regional businesses. The issues raised include the Fringe Benefits Tax, enterprise zones and the declining value of the Zonal Tax Rebate Scheme.¹³² The old system of zone rebate which applied to certain professions has now been diluted to the point it is not mentioned:

It is not just money. People need to feel that they are recognised for taking on that role and going out and working in those areas. There is a form of recognition that you are doing something worth while, not just the money.¹³³

3.75 There is also some scope to promote the existing incentives available to people to be employed and for companies to employ people in rural and remote Australia, and additional incentives may also be of assistance.¹³⁴ Incentives such as taxation incentives may also encourage people to move to rural communities to work.¹³⁵ ACOSS argued that tax concessions and subsidies to encourage employers to operate in disadvantaged localities is a costly way to improve job opportunities.¹³⁶ Further discussion about rural and regional areas occurs later in this chapter.

Small business

3.76 Small business plays an important part in providing employment opportunities in Australia. The National Association of Retail Grocers of

130 Australian Federation of Deaf Societies, *Submission No. 103*, p. 6.

131 Centre for Independent Studies, *Submission No. 75*, p. 5.

132 Regional Business Development Analysis Panel (2003), (Chaired by John Keniry) *Regional Business: A Plan for Action* June 2003, p. 27, 34-35.

133 Dr Ian Gould, President, Australasian Institute of Mining and Metallurgy, *Transcript of Evidence*, 19 March 2004, p. 12.

134 Dr Ian Gould, President, Australasian Institute of Mining and Metallurgy, *Transcript of Evidence*, 19 March 2004, p. 12.

135 Ms Denita Harris, Policy Manager and Industrial Relations Advocate, National Farmers Federation, *Transcript of Evidence*, 18 February 2004, p. 6.

136 Australian Council of Social Service, *Submission No. 74*, p.24.

Australia (NARGA) argued that small business bears a disproportionate burden in relation to compliance costs.¹³⁷ NARGA is working with the Australian Taxation Office on a proposal which may simplify accounting methods for small businesses.¹³⁸ Other issues for small businesses are the deregulation of trading hours and recent rulings in relation to Section 46 of the *Trade Practices Act*.¹³⁹

- 3.77 ACCI noted that employers are concerned about the external labour costs mandated by law, which do not relate to the productivity of the business.¹⁴⁰ The Australian Sugar Milling Council saw imposts on employment such as payroll tax, long service leave, travelling time and a prosperity component as an issue. Employment regulation can make it difficult to manage a seasonal industry.¹⁴¹
- 3.78 The New Enterprise Incentive Scheme provides assistance in small business training, income support and mentoring support for the first year of business operation for the unemployed establishing a business.¹⁴² Some called for a scheme that would provide capital or a finance pool to assist small businesses to grow.¹⁴³
- 3.79 Disability Action Inc suggested that the Australian Government support employment creation through the development of alternative, sustainable industries and niche markets including cooperative ventures for people with disabilities to start their own businesses.¹⁴⁴ In Mayfield near Newcastle there is a pilot program which has established a local

137 Mr Alan McKenzie, Director and National Spokesperson, National Association of Retail Grocers of Australia, *Transcript of Evidence*, 27 January 2004, p. 17; National Association of Retail Grocers of Australia, *Submission No. 82*, p. 3, see also Recruitment and Consulting Services Association Ltd, *Submission No. 31*, p. 18.

138 Mr Alan McKenzie, Director and National Spokesperson, National Association of Retail Grocers of Australia, *Transcript of Evidence*, 27 January 2004, p. 18.

139 Mr Alan McKenzie, Director and National Spokesperson, National Association of Retail Grocers of Australia, *Transcript of Evidence*, 27 January 2004, pp. 20-22; National Association of Retail Grocers of Australia, *Submission No. 82*, pp. 3-6.

140 Mr Peter Anderson, Director, Workplace Policy, Australian Chamber of Commerce and Industry, *Transcript of Evidence*, 5 November 2003, p. 9. See also Ms Linda Gant, *Submission No. 84*, p. 1.

141 Mr Mark Hochen, Chairman, Industrial Relations Committee, Australian Sugar Milling Council Pty Ltd, *Transcript of Evidence*, 10 March 2004, pp. 1-2.

142 Department of Employment and Workplace Relations, *Submission No. 72*, pp. 12-13.

143 Mr Geoff Cripps, *Submission No. 5*, p. 3; Mr Martin Richardson, *Submission No. 4*, pp. 1-4.

144 Ms Monika Baker, Senior Systemic Advocate, Disability Action Inc, *Transcript of Evidence*, 18 March 2004, p. 45.

cooperative to enable people to generate income by creating local products which are sold at the local markets.¹⁴⁵

- 3.80 Appropriate incentives should be in place for companies to train Indigenous and other underemployed groups as there are great opportunities for these groups to find employment in the mining industry. Another disincentive is the lack of opportunities for partners to find adequate work in regional areas.¹⁴⁶
- 3.81 There are a lot of niche opportunities in the export areas, consultancies and the export of more education which are not being taken advantage of.¹⁴⁷ For example, the Australasian Institute of Mining and Metallurgy Inc noted the need to raise international awareness of Australia's Mining Technological Services products and services as one way of increasing participation.¹⁴⁸

Black economy

- 3.82 Corston Pty Ltd raised the issue of competition from the black economy and suggested that allowable tax deductions up to \$1 000 per household, which would mean reporting expenditure to the taxation office, could help eliminate the black economy.¹⁴⁹ They make the point that a legitimate business is required to pay GST, superannuation, workcover, award wages, taxes and other costs, which a black market businesses does not bear. By eradicating black market businesses, they predict the value of their business would triple.¹⁵⁰

Over-employment

- 3.83 Those employed in some discrete areas of the labour market work long hours, such as professionals and executives, the self-employed and pockets

145 Mr Shawn Day, Manager, Economic Development and Tourism, Newcastle City Council, *Transcript of Evidence*, 12 March 2004, p. 26.

146 Dr Ian Gould, President, Australasian Institute of Mining and Metallurgy, *Transcript of Evidence*, 19 March 2004, pp. 11-12.

147 Mr Ken Aldred, President, Society for Australian Industry and Employment, *Transcript of Evidence*, 20 February 2004, p. 52; Society for Australian Industry and Employment Inc, *Submission No. 48*, p. 1.

148 The Australasian Institute of Mining and Metallurgy, *Submission No. 53*, p. 6.

149 Mr Andrew Milchem, Managing Director, Corston Pty Ltd, *Transcript of Evidence*, 18 March 2004, p. 48; Corston Pty Ltd, *Submission No. 14*, p. 3.

150 Corston Pty Ltd, *Submission No. 14*, p. 3. See also Central Western Regional Development Board, *Submission No. 46*, p. 4 and Nambucca Heads Chamber of Commerce and Industry, *Submission No. 36*, p. 1.

of the wage and salary workforce.¹⁵¹ It was suggested that the capping of hours people could work would open many new employment opportunities¹⁵² and could also prevent the 'burn-out' of experienced staff and improve work-life balance.¹⁵³

- 3.84 It was argued that in France the capping of working hours has not led to a decrease in the level of unemployment and could increase unemployment through increased business costs. Further, the individuals working long hours may choose to do so to maximise their income.¹⁵⁴

Encouraging employment opportunities for people with a disability

- 3.85 There are a number of activities which FaCS suggested to promote the employment of people with disabilities, such as 'champions dinners', the National Diversity Think Tank to create an Australian disability employers forum, International Day for People with a Disability, and the Prime Minister's Employer of the Year.¹⁵⁵
- 3.86 FaCS disability portal will provide current information to employers, service providers and employees with a disability. There are issues to be resolved in relation to employers' awareness of the Employer Incentive Scheme and the employers' preference for acquiring information from one location.¹⁵⁶
- 3.87 ACTU would like to see employers and unions working together to generate additional open employment opportunities for people with a disability.¹⁵⁷ There needs to be enhanced awareness among employers of ways in which these issues can be addressed. The costs are often borne by the employer and this can be a disincentive.¹⁵⁸ Job Network providers use

151 Mr Peter Anderson, Director, Workplace Policy, Australian Chamber of Commerce and Industry, *Transcript of Evidence*, 5 November 2003, p. 8.

152 Shop Distributive and Allied Employee's Association, *Submission No. 79*, p. 57; see also Disability Action Inc, *Submission No. 94*, p. 27.

153 NSW Nurses' Association, *Submission No. 77*, pp. 5-6.

154 Mr Peter Anderson, Director, Workplace Policy, Australian Chamber of Commerce and Industry, *Transcript of Evidence*, 5 November 2003, pp. 8-9.

155 Mr Carl Princehorn, Director, Participation Strategies, Department of Family and Community Services, *Transcript of Evidence*, 26 May 2004, p. 11; Ms Serena Wilson, Executive Director, Department of Family and Community Services, *Transcript of Evidence*, 26 May 2004, p. 12.

156 Ms Serena Wilson, Executive Director, Department of Family and Community Services, *Transcript of Evidence*, 26 May 2004, p. 10.

157 Australia Council of Trade Unions, *Submission No. 69*, p. 16.

158 Mr Andrew Daly, Executive Director, Royal Society for the Blind of South Australia Inc, *Transcript of Evidence*, 18 March 2004, p. 21.

their own resources and tend not to use the workplace modifications program, although it is possible to utilise both schemes in combination.¹⁵⁹

- 3.88 Employers who employ a person with a disability often find this a rewarding experience, and research has shown that there are positive results in terms of decreases in workers compensation and sick leave. The biggest challenge is for those who have not been exposed to disability:

Our research showed that most employers perceive disability as being somebody with Down syndrome, somebody in a wheelchair or somebody with a schizophrenic disorder. That is the linear mental model they have, so obviously their perception of the broad range and diversity of disabilities is not there. I believe that is part of the challenge as well.¹⁶⁰

- 3.89 The Royal Society for the Blind of South Australia (RSB) believes that employers who offer work experience or work trial to people who are blind or vision impaired should have some form of recognition.¹⁶¹

- 3.90 A significant barrier to people with a disability seeking employment is the attitude of employers. NEDA and PDCA stated that employers need to be educated, and also called for legislation requiring larger companies to employ a quota of people with a disability. The fines paid by non-compliant companies could be used to fund employment initiatives similar to the system in the United States.¹⁶²

- 3.91 Disability Action Inc supports a quota system that reflects the level of disability in the community.¹⁶³ A quota system would require employers to engage a number of people with a disability as a set proportion of their workforce. In Germany the quota system has increased the participation in paid work for people with a disability. Disability Action Inc conceded that there were loopholes in the international models where employers and people with disability gained access to employment opportunities to which they were not entitled. Disability Action Inc found that employers

159 Mr Finn Pratt, Group Manager, Intensive Support Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 26 May 2004, p. 7.

160 Mr Carl Princehorn, Director, Participation Strategies, Department of Family and Community Services, *Transcript of Evidence*, 26 May 2004, pp. 10-11.

161 Mr Andrew Daly, Executive Director, Royal Society for the Blind of South Australia Inc, *Transcript of Evidence*, 18 March 2004, p. 21.

162 Ms Lou-Anne Lind, Executive Director, National Ethnic Disability Alliance, *Transcript of Evidence*, 31 March 2004, p. 2.

163 Ms Monika Baker, Senior Systemic Advocate, Disability Action Inc, *Transcript of Evidence*, 18 March 2004, p. 38; Disability Action Inc, *Submission No. 94*, pp. 24-25.

did not react favourably to the suggestion of quotas and that it can cause a lot of community resistance and opposition.¹⁶⁴

- 3.92 RSB raised the issue of employers being required to employ people with a disability through a quota system:

... once people go onto a quota system, they tend to take what we call the easier disabled person. They may take an amputee or someone like that, who may be easier to employ than a person in a wheelchair or a person who is totally blind. So I do not think having a quota type system is really a good fit. It tends to be patronising rather than encompassing.¹⁶⁵

- 3.93 RSB further commented that:

Forcing employers to employ people with a disability does not work either; indeed, with a quota system introduced in the UK, it is my understanding that the organisations have opted to be fined rather than comply. As a person who manages in excess of 80 people who are blind or vision impaired, this is a fallacy and proactive measures, which include education or community education and the introduction of universal design principles, will overcome this and result in a highly productive and motivated employee.¹⁶⁶

Occupational health and safety

- 3.94 SDAEA also commented on the importance of health and safety for all Australians as an issue that could encourage job seekers as people will not wish to work in positions that pose a risk to their health and wellbeing.¹⁶⁷ The Thuringowa City Council commented on the challenge of integrating the inevitable health complications of an ageing workforce and the need to ensure productivity in a competitive market.¹⁶⁸

The occupational health and safety concerns of companies are real. We could give you a number of examples of where companies face quite significant issues with older workers in that regard. We have

164 Ms Monika Baker, Senior Systemic Advocate, Disability Action Inc, *Transcript of Evidence*, 18 March 2004, p. 38.

165 Mr Tony Starkey, Access Officer, Royal Society for the Blind of South Australia Inc, *Transcript of Evidence*, 18 March 2004, p. 30.

166 Mr Andrew Daly, Executive Director, Royal Society for the Blind of South Australia Inc, *Transcript of Evidence*, 18 March 2004, p. 22.

167 Shop Distributive and Allied Employee's Association, *Submission No. 79*, p. 6.

168 Thuringowa City Council, *Submission No. 83*, p. 4.

to strike a balance, because employers have big liabilities in this regard.¹⁶⁹

Australian companies moving jobs offshore

- 3.95 Concern was expressed at the extent to which companies are offshoring IT jobs that could be available to Australians.¹⁷⁰ Further, one in five manufacturers is also considering moving jobs offshore, and there has already been a significant contraction in Australia's manufacturing base.¹⁷¹ The mining sector is another area where major corporations are moving their exploration efforts overseas, which will impact on Australia's future rural and remote employment opportunities as well as on services that support these operations.¹⁷²
- 3.96 The Boston Consulting Group indicated that by the year 2020 there will be 500 000 jobs in Australia with no one to fill them.¹⁷³ The Australian Institute of Management suggested that Australia will need to decide which industries it will support and which ones will need to go offshore to countries with available labour.¹⁷⁴

Rural and regional areas

- 3.97 Regional businesses contribute half of Australia's income from export and Australia's future prosperity and social well-being will benefit from thriving and dynamic regional businesses.¹⁷⁵
- 3.98 There were approximately 450 000 jobs in the agricultural industry prior to the drought and this number was steadily increasing, with a 2-3 per cent

169 Mrs Heather Ridout, Deputy Chief Executive Officer, Australian Industry Group, *Transcript of Evidence*, 27 January 2004, p. 14.

170 Mr Geoffrey Pain, Committee Member, Underemployed people's Union WA Inc and Australian National Organisation of Unemployed, *Transcript of Evidence*, 6 April 2004, p. 40.

171 Mr Ken Aldred, President, Society for Australian Industry and Employment, *Transcript of Evidence*, 20 February 2004, p. 47.

172 Dr Ian Gould, President, Australasian Institute of Mining and Metallurgy, *Transcript of Evidence*, 19 March 2004, p. 13.

173 Australian Institute of Management, *Submission No. 3*, p. 1.

174 Australian Institute of Management, *Submission No. 3*, p. 1, Attachment – Media Release, 19 June 2003, AIM and Dare Concepts, p. 2.

175 Letter to the Hon John Anderson from Regional Business Development Analysis Panel (2003), (Chaired by John Keniry) *Regional Business: A Plan for Action* June 2003, p. 1.

employment growth nationally.¹⁷⁶ There may be further increases in the number of employees required in rural areas where the younger family members are not working on the property in family operated businesses.¹⁷⁷

3.99 Mission Australia listed geographic remoteness, lack of infrastructure, seasonal demand and lack of transportation as the reasons for labour shortages.¹⁷⁸

3.100 ACTU commented that there is a direct correlation between the absence of a growth strategy and unemployment, and regional development needs a long-term commitment.¹⁷⁹

Places where extreme levels of unemployment are sometimes present include: depressed rural and remote areas; regional manufacturing centres; regional towns that have attracted low-income people from metropolitan centres; and some outer suburbs in capital cities.¹⁸⁰

3.101 ACOSS make the point that new information technologies have the potential to increase employment in regional areas.

Governments can help disadvantaged regions compete for employment opportunities by investing in education and training to improve the region's skill base.¹⁸¹

3.102 The Queensland Government commented on the skills mismatch between the skills of the unemployed and the skills in demand in the area:

A further characteristic of unemployment is the marked spatial variations in unemployment rates giving rise to the co-existence of pockets of persistently high unemployment in some regional and urban areas alongside areas of relatively low unemployment ... The contemporary labour market is also characterised by the contradictory existence of skill shortages in many skilled and professional occupations alongside entrenched unemployment. It is evident that there is a significant mismatch between those seeking employment and actual demand.¹⁸²

176 Ms Denita Harris, Policy Manager and Industrial Relations Advocate, National Farmers Federation, *Transcript of Evidence*, 18 February 2004, pp. 1-2.

177 Ms Denita Harris, Policy Manager and Industrial Relations Advocate, National Farmers Federation, *Transcript of Evidence*, 18 February 2004, p. 6.

178 Mission Australia, *Submission No. 104*, p. 17.

179 Australia Council of Trade Unions, *Submission No. 69*, p. 5.

180 Australian Council of Social Service, *Submission No. 74*, p. 22.

181 Australian Council of Social Service, *Submission No. 74*, p. 24.

182 Queensland Government, *Submission No. 87*, p. 7.

- 3.103 Skills development projects are needed to complement regional development initiatives and the need to link training initiatives and employment outcomes with the local regions. An integrated and coordinated approach to future labour market and skills forecasting is needed in conjunction with industry parties, which links specific training interventions within identified industries.¹⁸³
- 3.104 There has been a reduction in services and amenities in rural communities.¹⁸⁴ For example, the demand for medical scientists in rural and regional areas exceeds the supply. The Australian Institute of Medical Scientists (AIMS) commented that apart from tax concessions to residents in some remote areas, there are few incentives for professionals to relocate to rural areas.¹⁸⁵
- 3.105 Travel and accommodation costs to attend seminars and training are prohibitive and AIMS suggests that these costs make it difficult for those working in rural areas to retain or enhance their skills. AIMS added that with rapid technological advances in the industry, women who have been away from the workplace to raise children, or mature age workers, need retraining to re-enter the workforce. AIMS suggest that measures to assist people retraining in the region will improve participation. The cost of education may also be a factor in decisions on whether to close small rural laboratories.¹⁸⁶
- 3.106 Mission Australia also listed the transport and travel difficulties due to the lack of public transport infrastructure and affordability of private transport as issues.¹⁸⁷ ACOSS argue that improved housing choices and affordable and reliable public transport services would assist people in disadvantaged communities in getting jobs.¹⁸⁸
- 3.107 CIS suggested the reintroduction of regional variations in awards appropriate to the differences in labour market conditions and to enable employers to opt out of awards without potentially high litigation costs.¹⁸⁹
- 3.108 Labour shortages in rural and regional areas are of concern because of the impact on effective productivity of businesses.¹⁹⁰ Farmers have difficulty in

183 Australia Council of Trade Unions, *Submission No. 69*, pp. 7-8.

184 National Farmers Federation, *Submission No. 65*, p. 10.

185 Australian Institute of Medical Scientists, *Submission No. 24*, p. 2.

186 Australian Institute of Medical Scientists, *Submission No. 24*, pp. 2-3.

187 Mission Australia, *Submission No. 104*, p. 17.

188 Australian Council of Social Service, *Submission No. 74*, p. 24.

189 Centre for Independent Studies, *Supplementary Submission No. 75(a)*, p. 1.

acquiring skilled labour as many of the jobs are casual and available only during peak times. Remoteness, perception of the farming industry and lack of access to training are important factors in the difficulties in recruiting skilled labour. The New Apprenticeship Scheme has improved the situation but the National Farmers Federation (NFF) believes that further flexibility is required.¹⁹¹

3.109 NFF is also working with DEWR and the Job Network program to create better links between employers and the network to encourage greater participation in seasonal work. NFF cited the example of Hay in New South Wales, where there are attempts to find workers seasonal work with a variety of employers so that they can access 9-10 months of work. This requires the coordination of a number of employers so that they can make the most use of that person at the right time for their particular commodity.¹⁹²

3.110 Industry initiatives include the establishment of the Job Outlook web site and the Harvest Trail information service.¹⁹³ The lack of accommodation and transport issues are now being successfully addressed in some areas.¹⁹⁴ Additionally, DEWR reports that the Job Seeker Accounts have been used to assist relocating job seekers including transport or relocation assistance.¹⁹⁵

In summary

3.111 The Committee notes that Australia may be facing a labour shortage in specific industries and professions, which may become more widespread. When there is a strong economy with low unemployment, there is a high

190 National Farmers Federation, *Submission No. 65*, p. 6, citing recent studies include *Harvesting Australia Report 2000*, *Labour Market Adjustment in Regional Australia*, *Skills Needs for the Rural Industry*, and Garnett and Lewis, (2002) *Estimating Farm Labour Trends in Australia*.

191 National Farmers Federation, *Submission No. 65*, pp. 6, 9-10.

192 Ms Denita Harris, Policy Manager and Industrial Relations Advocate, National Farmers Federation, *Transcript of Evidence*, 18 February 2004, pp. 1-3.

193 Ms Denita Harris, Policy Manager and Industrial Relations Advocate, National Farmers Federation, *Transcript of Evidence*, 18 February 2004, p. 1. See also the *Harvesting Australia: Report of the National Harvest Trail Working Group*, June 2000.

194 Gulf Savannah Development Inc, *Submission No. 37*, p. 4; Ms Denita Harris, Policy Manager and Industrial Relations Advocate, National Farmers Federation, *Transcript of Evidence*, 18 February 2004, p. 5; National Farmers Federation, *Submission No. 65*, p. 8.

195 Mr Graham Carters, Group Manager, Working Age Policy Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 February 2005, pp. 13-14.

demand for skilled labour.¹⁹⁶ However, evidence to the Committee suggested that there are currently not enough jobs, especially full-time jobs available to meet the needs of the labour available.

- 3.112 A range of approaches to promote job creation were suggested including community development job guarantees, intermediate labour market programs and labour market reform including deregulation, promotion of individual agreements, and the review of minimum wages and unfair dismissal laws.
- 3.113 The welfare system, though designed to assist people to find work, may in fact distort incentives for the unemployed to participate in paid work. Improvements to the welfare system may include refining incentives to encourage employers to recruit more employees, and encourage employees to take up lower skilled work. It was presented to the Committee that wage subsidies may get people jobs in the short-term, but there is a question of long-term viability.
- 3.114 Greater flexibility and family friendly policies may encourage more mature age workers and parents into the workforce. There are a number of incentives in place to encourage employers to employ a person with a disability however, a significant barrier to people with a disability seeking employment is the attitude of the employer. It was reported to the Committee that small businesses use casual employees or pay overtime instead of employing additional staff.
- 3.115 Regional businesses continue to be a major bonus for the Australian economy. However geographical remoteness, lack of infrastructure, labour shortages and lack of transportation reduce the effectiveness of rural and regional areas contribution to economic growth and job creation. New information technologies have the potential to increase employment in regional areas as organisations can conduct their operations away from major cities.
- 3.116 The next chapter continues the theme of a need for labour market reform. It then focuses on the need for a balance between incentives, obligations and assistance.

¹⁹⁶ Mr Benjamin Johnson, Branch Manager, New Apprenticeships Branch, Department of Education, Science and Training, *Transcript of Evidence*, 17 February 2005, p. 23.

4

Welfare and labour market reform

- 4.1 The second term of reference for this inquiry into participation in the paid workforce focuses on increasing participation for recipients of income support. There has been substantial consultation and efforts in recent years on improving and simplifying the welfare system. The three key objectives for welfare reform identified by the Reference Group on Welfare Reform chaired by Mr Patrick McClure were:
- a significant reduction in the incidence of jobless families and households;
 - a significant reduction in the proportion of the working-age population needing to rely heavily on income support; and
 - stronger communities that generate opportunities for economic and social participation.¹
- 4.2 In 2001 the Australians Working Together package was the initial response to the McClure report and focussed on providing more flexible and integrated services that struck a balance between incentives, obligations and assistance. In July 2003 the Active Participation Model further developed the Australians Working Together initiatives by proposing additional measures designed to provide job seekers with more active and individualised assistance.²
- 4.3 The *Building a simpler system to help jobless families and individuals* consultation process commenced in 2003 and there have been a number of

1 McClure, P (Chair), (2004) *Participation Support for a more Equitable Society*, Final Report of the Reference Group on Welfare Reform, p. 4.

2 Department of Employment and Workplace Relations, *Submission No. 72*, p. 2.

recent changes with the Active Participation Model. Therefore, this chapter provides an interim view of labour market reform, and assistance, incentives and obligations.

- 4.4 The Treasurer, the Hon Peter Costello MP in 2004 saw one of Australia's challenges as designing an income support system which has an appropriate balance between incentives, assistance and obligations that will encourage workforce participation and assist each person to achieve their potential.³

Labour markets

- 4.5 Labour market programs may have a role in increasing the employability of disadvantaged jobseekers. However, unless there is overall job creation, this will merely displace someone else who is in a similar position.⁴ CIS claimed that labour market programs do not work:

... or that they create work for a small number of people at a very large cost. The Productivity Commission concludes that "they have variable, but usually small, effects on the employment and earnings of participants."⁵

- 4.6 Australia spends less on labour market programs than other OECD countries.⁶ It was argued, however, that while some labour market programs may not show short-term gains, labour market programs may need to be part of a medium to longer term approach. Young people need to learn how to operate and to participate collaboratively and cooperatively in the workplace. ACOSS suggested that while labour market programs may not result in someone being employed, if young people do not acquire work skills they will never be employed.⁷ Further, the view that labour market programs may be valued because they re-

3 Address by the Hon Peter Costello MP Treasurer, *Australia's Demographic Challenges*, 25 February 2004, p. 5.

4 Dr Elizabeth Webster, Senior Research Fellow, Melbourne Institute of Applied Economic and Social Research, University of Melbourne, *Transcript of Evidence*, 24 March 2004, p. 14.

5 Centre for Independent Studies, *Submission No. 75*, p. 4 citing *Independent Review of the Job Network*, 2002, Productivity Commission, p. 1.3.

6 Brotherhood of St Laurence, *Submission No. 81*, p. 7 citing Organisation of Economic Co-operation and Development, 2002, *Society at a glance*, OECD.

7 Mr David Thompson, Principal Policy Adviser, Office of Employment, Education and Training, Australian Council of Social Service, *Transcript of Evidence*, 28 January 2004, p. 9.

allocate work from the work-rich to the work-poor and therefore improve labour market equity is gaining ground of late.⁸

Community development job guarantee

- 4.7 CoffEE advised that the Community Development Job Guarantee could produce 334 000 jobs at a cost of \$3.2 billion.⁹ Community development activities require some low skilled workers and are very labour intensive. The job guarantee positions are permanent minimum wage jobs which are not linked to the welfare paradigm.¹⁰ It was suggested that the Community Development Job Guarantee would be Commonwealth funded but local partnerships would organise the projects.¹¹
- 4.8 However, the Commonwealth's funding of these positions could result in cost shifting from local governments and could be used as cheap labour to replace other positions. ILM programs are transitional positions.¹² CoffEE argued that adequate accountability structures could be put in place to address this and that the private sector could compete for these jobs.¹³
- 4.9 DEWR commented that this is, however, an expensive option as these would be full-time positions and the participants tend to stop looking for other jobs, and that is funded by the taxpayer.¹⁴ This approach can create silos that DEWR does not see as beneficial and that there needs to be a flexible approach with the more disadvantaged groups with special needs. DEWR stressed the importance of linkages to other programs and

8 Dockery A M and Webster E (2002) 'Long-term Unemployment and Work Deprived Individuals: Issues and Policies, *Australian Journal of Labour Economics* 5(2): 175-193, p.

9 Professor William Mitchell, Professor of Economics and Director, Centre of Full Employment and Equity, University of Newcastle, *Transcript of Evidence*, 12 March 2004, p. 5.

10 Ms Sally Cowling, Research Fellow and Professor William Mitchell, Professor of Economics and Director, Centre of Full Employment and Equity, University of Newcastle, *Transcript of Evidence*, 12 March 2004, pp. 9-10.

11 Centre of Full Employment and Equity, *Submission No. 60*, p. 10; Ms Sally Cowling, Research Fellow, Centre of Full Employment and Equity, University of Newcastle, *Transcript of Evidence*, 12 March 2004, p. 12; see also Hunter Councils, *Submission No. 66*, p. 6.

12 Professor Alaric Maude, *Transcript of Evidence*, 18 March 2004, p. 9.

13 Ms Sally Cowling, Research Fellow, and Professor William Mitchell, Professor of Economics and Director, Centre of Full Employment and Equity, University of Newcastle, *Transcript of Evidence*, 12 March 2004, p. 17; Centre of Full Employment and Equity, *Supplementary Submission No. 60(a)*, pp. 2 -4.

14 Mr Graham Carters, Group Manager, Employment Policy Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 26 May 2004, p. 24.

applying more of a solution broker model.¹⁵ They added that the Work for the Dole program has similar outcomes, similar sort of logic, but is far cheaper.¹⁶

- 4.10 CIS also questioned the use of specially created public sector jobs as stepping stones to employment:

The OECD finds that public sector job creation “has been of little success in helping unemployed people get permanent jobs in the open labour market,” and it recommends that any use of this strategy “should be short in duration and not become a disguised form of heavily subsidised permanent employment”.¹⁷ Provided as part of a ‘Workfare’ strategy, government jobs can play a role in unemployment programs, but they rarely lead to more permanent employment.¹⁸

Work for the Dole

- 4.11 Concern was expressed by some witnesses that Work for the Dole programs have a poor link to formal training, and the work experience does not have a clear connection to employment opportunities.¹⁹ The Green Corps program combines accredited training, work experience, a training wage and the development of job skills.²⁰ It was suggested that welfare organisations use Work for the Dole schemes to displace paid workers and should be more accountable to government.²¹
- 4.12 CIS added that people should be given support in the form of a job until they can find a proper job as an extension of the current Work for the Dole process. It was suggested time limits could be introduced to make people more realistic about the type of job they will accept and increase their job

15 Ms Carolyn McNally, Assistant Secretary, Priority Groups Policy Branch, Employment Policy Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 26 May 2004, pp.24-25.

16 Mr Graham Carters, Group Manager, Employment Policy Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 26 May 2004, p. 24.

17 Centre for Independent Studies, *Submission No. 75*, p. 3 citing John Martin, ‘What works among active labour market policies’ *OECD Economic Studies* No.30, 2000/01, p. 98.

18 Centre for Independent Studies, *Submission No. 75*, p. 3 citing J Martin ‘Labour market programs’, in *New Directions: Rebuilding the Safety Net*, Business Council of Australia, p.95.; see also P Saunders, ‘Do people on welfare really want to work?’ *Policy*, Winter 2003.

19 Brotherhood of St Laurence, *Supplementary Submission 81(a)*, p. 9.

20 Brotherhood of St Laurence, *Supplementary Submission 81(a)*, p. 9.

21 Mr L Fitzpatrick, *Submission No. 41*, pp. 1-2.

seeking efforts to leave unemployment benefits.²² Time limits also prevent de-motivation, deter malingering and introduce the notion that benefits do not go on indefinitely.²³

Deregulation

- 4.13 Treasury commented that greater flexibility in the labour market maximises participation by increasing the opportunity for people to find a job.²⁴ The move to more flexible employment arrangements and conditions have been proposed as more able to promote productivity at the workplace level and to better match employer and employee preferences.
- 4.14 The Commonwealth *Workplace Relations Act 1996* sets primary responsibility for determining matters affecting the relationship between employers and employees at the workplace level. The Act also provided a framework of rights and responsibilities for employers and employees, and their organisations, to support fair and effective agreement-making, and freedom of association.²⁵
- 4.15 DEWR argued that agreement making under the *Workplace Relations Act 1996* has assisted workplaces to operate more efficiently and competitively.²⁶ However, Treasury commented that workplace culture has been slow to take up the new options and the greater flexibility.²⁷
- 4.16 Wages are a key influence on the level of employment. Adult minimum wages in Australia are the second highest in the OECD at around 58 per cent of median earnings. Australia's award system also provides minimum wages for a range of individual jobs and levels, rather than the single statutory minimum wages that are present in the United Kingdom and United States jurisdictions. In the United Kingdom and United States

22 Professor Peter Saunders, Social Research Director, Centre for Independent Studies, *Transcript of Evidence*, 27 January 2004, pp. 42, 48-49.

23 Centre for Independent Studies, *Submission No. 75*, p. 9; Professor Peter Saunders, Social Research Director, Centre for Independent Studies, *Transcript of Evidence*, 27 January 2004, p. 48.

24 Mr David Tune, General Manager, Social Policy Division, Treasury, *Transcript of Evidence*, 8 October 2003, p. 3.

25 Australian Government, Budget 2004-05, *Budget Paper No. 1, Statement 4: Maintaining Low Unemployment in Australia, The contribution of policy reforms to improved labour market performance*, p. 4.

26 Department of Employment and Workplace Relations, *Submission No. 72*, p. 6.

27 Treasury, *Submission No. 73*, p. 10.

of America minimum wages are around 45 and 34 per cent of median earnings respectively.²⁸

- 4.17 The Productivity Commission commented that Australia's improved productivity performance in the 1990s is in part attributable to better management practices and work arrangements.²⁹ However, workplace relations law remains complex and the Australian Government is working to:

... increase flexibility, reduce employment transaction costs and achieve a closer link between wages and productivity. More specifically, the proposed amendments to the Workplace Relations Act aim to reduce the degree of regulation around the termination of employment; address pattern bargaining; streamline agreement-making processes; and further simplify awards to promote workplace agreements.³⁰

- 4.18 In summary, key business groups suggested that greater employment growth can be achieved through reduced regulation of employer and employee arrangements associated with award requirements. Additionally the Committee received a range of evidence, both for and against freezing minimum wages and the effects of unfair dismissal laws. However, the Committee notes the contrary arguments around these approaches and the dissenting views on this issue.

Recommendation 1

The Committee recommends that the Australian Government pursue strategies for further award simplification by reducing the number of allowable matters and encouraging greater workplace customisation to suit industry and regional conditions.

28 Australian Government, Budget 2004-05, *Budget Paper No. 1, Statement 4: Maintaining Low Unemployment in Australia, The contribution of policy reforms to improved labour market performance*, p. 5.

29 Australian Government, Budget 2004-05, *Budget Paper No. 1, Statement 4: Maintaining Low Unemployment in Australia, The contribution of policy reforms to improved labour market performance*, p. 4.

30 Australian Government, Budget 2004-05, *Budget Paper No. 1, Statement 4: Maintaining Low Unemployment in Australia, The contribution of policy reforms to improved labour market performance*, p. 5.

Skills shortages

- 4.19 Another important trend in Australian employment has been the emergence of a number of skills shortages which place a substantial burden on the economy through lost productivity. Manpower Services (Australia) believes that Australia risks economic irrelevance in the global economy and a lower quality of life.³¹
- 4.20 Increasing educational participation is an important factor in increasing labour force participation.³² There has been an increase in the proportion of higher skilled jobs as a share of employment growth in recent years.
- The overall employment growth between 1997 and 2002 was 11%. Growth in associate professional jobs, was twelve percentage points greater at 23% and growth in professional jobs was 20%, while growth in jobs in labouring, production and transport, clerical, sales, services and trades was well below the average.³³
- 4.21 Service industries have increased in importance to the Australian economy while the goods-related industries have decreased in importance (although the Committee notes the more recent improvement in the commodity market). In rural and regional areas, the importance of agriculture, forestry and fishing industries in particular has decreased,³⁴ which means that people often need to learn new skills to remain competitive in the labour market.³⁵ Higher level skills are now required by individuals to compete in the job market. Further, the overall improvements in skills can lead to higher overall performance for firms, industries and the national economy.³⁶
- 4.22 High skills levels and adequate education systems to ensure that skills can be developed after school are important to the economy.³⁷ There is a

31 Manpower Services (Australia) Pty Ltd, *Submission No. 78*, p. 10.

32 Department of Education, Science and Training, *Submission No. 93*, p. 1.

33 Department of Education, Science and Training, *Submission No. 93*, p. 1.

34 Australian Bureau of Statistics, *National Income, Expenditure and Product* (Cat No 5206.0) 1975-2003.

35 Department of Education, Science and Training, *Submission No. 93*, p. 2.

36 Department of Education, Science and Training, *Submission No. 93*, pp. 3,5.

37 Mr David Tune, General Manager, Social Policy Division, Treasury, *Transcript of Evidence*, 8 October 2003, p. 2. Estimates of skills include educational attainment and potential workforce participation.

positive correlation between continuing skills upgrading and the standard achieved in prior education and training.³⁸

The rapidly changing workplace, the pace of globalisation and technological advancements mean that workers will need to be provided with opportunities to enhance their skills throughout their working lives.³⁹

- 4.23 The Institute of Management Development ranked Australia first in terms of the extent to which the education system met the needs of industry for skilled labour in their *World Competitiveness Yearbook 2003*, and the second most competitive country among those with populations of 20 million or more, behind the United States.⁴⁰
- 4.24 Australia's public policies are aimed at a high skills level that are competitive in a global market. There has been a loss of low-skilled and medium-skilled jobs. This means that there is a need for an investment in human capital with longer term goals.⁴¹ The Queensland Government also referred to the polarising effect of the decline in the number of jobs requiring intermediate skills as this reduces the opportunities available for people to move from low to high skilled work.⁴²
- 4.25 In addition the indirect effects of higher education and training include:
- the contribution to personal and family well-being and the long-term effects in health and social adjustment and the intergenerational effects on the educational and economic opportunities for future generations;
 - a more capable and adaptable workforce and the economic and social opportunities that this provides; and
 - a clear progression in average earnings as educational attainment increases, although the returns for those with VET qualifications have fallen over time.⁴³

38 Department of Education, Science and Training, *Submission No. 93*, p. 2.

39 Queensland Government, *Submission No. 87*, p. 5.

40 Cited in Department of Education, Science and Training, *Submission No. 93*, p. 5.

41 Mr Philip O'Donoghue, Acting Director, Australian Council of Social Service, *Transcript of Evidence*, 28 January 2004, p. 9.

42 Queensland Government, *Submission No. 87*, p. 6.

43 Department of Education, Science and Training, *Submission No. 93*, pp. 3-4, 9, 20. See also Australian Council of Social Service, *Submission No. 74*, p. 14.

- 4.26 DEWR monitors skills shortages and this enables Job Network to assist jobseekers acquire the relevant skills. The National Skills Shortages Strategy is a cross agency and industry initiative to target particular areas of skill shortage.⁴⁴
- 4.27 Concern was expressed that educational institutions need to provide better advice on job prospects in relation to trades rather than university where in many cases the job prospects are poorer.⁴⁵ The Department of Education, Science and Training (DEST) believes that Australia can improve its skills shortages predictions and a lot of work is being done in the area of careers advice for young people on skills gaps.⁴⁶
- 4.28 There also needs to be better coordination where state governments deliver programs and the federal government sets framework policies; schools operate curriculum with degrees of independence; employers and parents have differing expectations. Further, it is essential that the regulatory arrangements are important to allow better coordination.⁴⁷
- 4.29 ACCI commented that the vocational education system needs to be flexible enough to respond quickly to areas of skills shortages.⁴⁸ Each State and Territory has worked with industry to develop a VET plan for training needs.⁴⁹ ANTA acknowledged the need for a more responsive system to address changing industry skill needs. DEST also outlined a range of initiatives as part of the National Skills Shortages Strategy, including specific industry projects and regional programs. These included efforts to

44 Mr Finn Pratt, Group Manager, Intensive Support Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 26 May 2004, p. 16; Mr Benjamin Johnson, Branch Manager, New Apprenticeship Branch, Vocational Education and Training Group, Department of Education, Science and Training, *Transcript of Evidence*, 26 May 2004, p. 17.

45 Central Western Regional Development Board, *Submission No. 46*, p. 2; Mr Mark Hochen, Chairman, Industrial Relations Committee, Australian Sugar Milling Council Pty Ltd, *Transcript of Evidence*, 10 March 2004, p. 9.

46 Ms Mary Johnston, Branch Manager, Industry Training Branch, Department of Education, Science and Training, *Transcript of Evidence*, 26 May 2004, pp. 15, 17, 21.

47 Mr Peter Anderson, Director, Workplace Policy, Australian Chamber of Commerce and Industry, *Transcript of Evidence*, 5 November 2003, p. 12.

48 Mr Peter Anderson, Director, Workplace Policy, Australian Chamber of Commerce and Industry, *Transcript of Evidence*, 5 November 2003, p. 10.

49 Ms Mary Johnston, Branch Manager, Industry Training Branch, Department of Education, Science and Training, *Transcript of Evidence*, 11 February 2004, p. 16.

support the uptake of New Apprenticeships by mature age workers and people with disabilities.⁵⁰

- 4.30 The Committee notes the demand for staff in professions such as in childcare and many health areas. Additionally, skilled tradespeople are sought in engineering, automotive, electrical, construction, hairdressing and catering trades.⁵¹
- 4.31 A wide array of programs are being implemented to address vocational education and training requirements, and particularly New Apprenticeships. The National Skills Shortage Strategy is one measure to address labour shortages in a cohesive way with community and industry involvement. However, given the time required for training to complete qualifications, the Committee suggests that increased resources should be allocated in the coming budget to encourage and support the uptake of apprenticeships.

Recommendation 2

The Committee recommends that the Australian Government in cooperation with the State and Territory Governments, industry, unions and educational bodies expand programs to maximise the uptake of apprenticeships in areas of skills shortages and ensure that the training is relevant to the apprentices, the businesses and the industry.

- 4.32 To address the critical issues of skill shortages, the Committee recommends the Australian Government establish, as a priority, a dedicated cross-portfolio approach to develop a coordinated long-term strategy, including a series of programs and defined outcomes. The Committee adds that sufficient funds must be provided to ensure the success of this initiative in addition to cooperation with the State, Territory and Australian governments. Suggested portfolio departments to be included in this cross-portfolio approach will include: DEWR, DEST,

50 Australian National Training Authority, *Submission No. 107*, p. 6; Mr Benjamin Johnson, Manager, New Apprenticeships Branch, DEST- correspondence received 25 February 2005, Overview of National Skills Shortages Strategy (NSSS) projects, and The New Apprenticeships Action Plan update.

51 Department of Employment and Workplace Relations, Australian Workplace Website, *National Skill Shortage List – Australia 2004*, <www.workplace.gov.au>.

DIMIA, Department of Transport and Regional Services, and Department of Industry, Tourism and Resources.

Recommendation 3

The Committee recommends the Australian Government establish, as a priority, a dedicated cross-portfolio approach to develop a coordinated long-term strategy, including a series of newly funded programs and defined outcomes, to address national skills shortages.

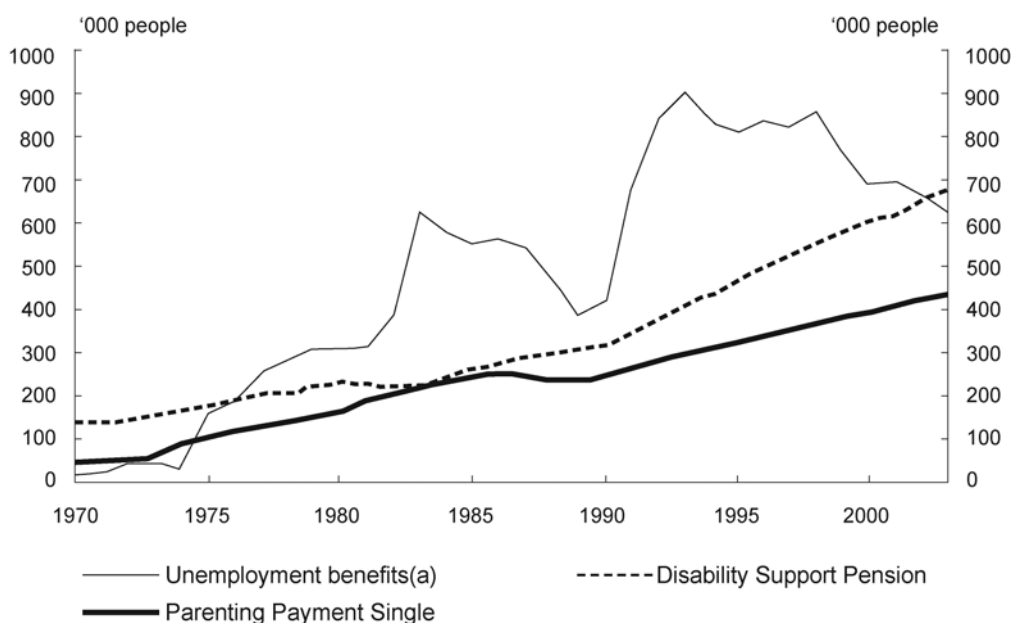
Growth in income support

- 4.33 Almost one third of people are in families that receive income support during the year, compared with one quarter two decades ago. Further, the proportion of income derived from welfare payments as opposed to other income sources has remained the same over two decades. Evidence to the Committee indicates that there has been little increase in participation in paid work among welfare recipients.⁵²
- 4.34 Around 2.7 million working Australians are on income support – over one in five of all adults of working age. Forty years ago just less than 1 per cent of the population was on an invalid pension. In 2002 we had over 3 per cent of the population on the Disability Support Pension. Many remain on income support for long periods of time, and we have one of the lowest rates of employment for disability pensioners and lone parents in the developed world. We now have more than 225 000 men aged between 50 and 64 receiving DSP. That is, approximately one in every eight men in this age group is receiving DSP.⁵³
- 4.35 Figure 4.1 shows income support recipients from 1970 to 2003.

52 Dr Roger Wilkins, *Submission No. 27*, p. 1.

53 Address by the Hon Peter Costello MP Treasurer, *Australia's Demographic Challenges*, 25 February 2004, p. 5.

Figure 4.1 Number of selected income support recipients.



Source Department of Family and Community Services. Australian Government, Budget 2004-05, Budget Paper No. 1, Statement 4: Maintaining Low Unemployment in Australia, The contribution of policy reforms to improved labour market performance, p. 11. (a) Unemployment benefits reflect Newstart and Youth Allowance (non-students).

4.36 Over the course of a year, around 33 per cent of the Australian population aged 15-64 years is at some stage reliant on income support payments.⁵⁴ Income support recipients fall into two main groups:

- a large number of individuals who are reliant for relatively short periods of time; and
- a significant number of individuals who become reliant in the long-term, perhaps even on a permanent basis: one sixth of all recipients aged 15-64 years are continuously on income support for over five and a half years.⁵⁵

4.37 The average length of time people spend on income support has been growing in recent years. The average duration of unemployment benefits

54 Tseng Y and Wilkins R, 2002, *Reliance on Income Support in Australia: Prevalence and Persistence*, Melbourne Institute of Applied Economic and Social Research, The University of Melbourne, Exhibit No. 9. p. 2.

55 Tseng Y and Wilkins R, 2002, *Reliance on Income Support in Australia: Prevalence and Persistence*, Melbourne Institute of Applied Economic and Social Research, The University of Melbourne, p. 2. See also Dr Roger Wilkins, Research Fellow, Melbourne Institute of Applied Economic and Social Research, University of Melbourne, *Transcript of Evidence*, 19 March 2004, p. 54.

has been declining; however, the duration of the Parenting Support Payment and the DSP has been increasing.⁵⁶

- 4.38 The overall numbers of the long-term unemployed has decreased for people who are usually for 52 weeks and more. The number of people long-term unemployed for two years and over has declined from 124 000 in January 1998 to 66 200 in January 2005. The average duration of long-term unemployment has increased from four years in January 2001 to almost five and a half years in January 2005.⁵⁷

Approaches to address high levels of income support

- 4.39 Reducing the prevalence of reliance on income support has been suggested as one approach to increase the level of participation in paid work. Much of the debate has focussed on the DSP and the unemployment allowance (Newstart). Significantly different approaches have been advocated to encourage a reduction in the reliance on income support.
- 4.40 Research reported in 2003 indicates that participating in part-time work significantly increases the likelihood of coming off income support, particularly for the unemployed and sole parent recipients. Additionally, a stepping stone process operates where part-time work can lead to longer work hours for those who prefer longer hours employment.⁵⁸
- 4.41 As one way of increasing participation in paid work, IPE believes there should be a tightening of eligibility for social welfare benefits, particularly in regard to work tests.⁵⁹

Between the end of the economic expansion in the 1980s and the end of the 1990s, the proportion of the working age population receiving income support of one kind or another increased from 15 per cent to 22 per cent, covering 3.2 million people. This

56 Dr Roger Wilkins, Research Fellow, Melbourne Institute of Applied Economic and Social Research, University of Melbourne, *Transcript of Evidence*, 19 March 2004, pp. 52-54; Dr Roger Wilkins, *Submission No. 28*, p. 1.

57 Australian Bureau of Statistics, *Labour Force, Australia, Detailed – Electronic Delivery*, (Cat. No. 6291.0.55.001) Table 15b: Unemployed persons by duration of unemployment since last full-time job.

58 Department of Family and Community Services, 2003, *Patterns of economic and social participation among FaCS customers*, prepared by Saunders, P Brown, J & Eardley, T, Policy Research Paper No. 19, p. vii. See also Department of Family and Community Services (2000) *How do income support recipients engage with the labour market?*, prepared by Flatau P & Dockery M, Policy Research Paper No. 19, p. xii.

59 Institute for Private Enterprise, *Submission No. 44*, p. 2

extension by both political parties of eligibility to receive such support in combination with the maintenance of relatively high marginal income tax rates has undoubtedly operated and continues to operate as a disincentive to work.⁶⁰

- 4.42 CIS similarly argued for a tightening of the eligibility criteria to address the 'massive slippage' from unemployment to the more generous DSP pension.⁶¹
- 4.43 Other research and social service agencies recommend a greater focus on the supply of jobs and the role of government in improving participation. ACOSS argued that approaches to reducing reliance on income support and increasing participation in employment must acknowledge:
- the need for a sufficient supply of full-time and part-time jobs;
 - that some people receiving income support, such as carers and parents, are performing a desirable social activity from which the community as a whole benefits; and
 - that mutual obligation includes governments assisting with providing support to enable people to get a job, as well as individuals pursuing and retaining employment.⁶²
- 4.44 ACOSS believes that measures to assist people enter employment, provided that they are sequenced and effectively sold, would be effective and popular.⁶³ The assumption underpinning much discussion of unemployment, income support and employment disincentives in the social security system, is that joblessness is a behavioural problem which can be addressed by improving incentives and tightening compliance. ACOSS acknowledges that although incentives are very important, other factors such as growth in secure full-time employment, improved education and skills, support for people with disabilities and chronic illness, and addressing social barriers to employment, are of greater

60 Mr Des Moore, Director, Institute for Private Enterprise, *Transcript of Evidence*, 20 February 2004, p. 38.

61 Professor Peter Saunders, Social Research Director, Centre for Independent Studies, *Transcript of Evidence*, 27 January 2004, p. 44.

62 Australian Council of Social Services, *Submission No. 74*, p. 20.

63 Mr David Thompson, Principal Policy Adviser, Office of Employment, Education and Training, Australian Council of Social Service, *Transcript of Evidence*, 28 January 2004, p. 10.

importance. A holistic government approach to these problems is needed.⁶⁴

- 4.45 CoffEE commented that there still needs to be greater focus on job creation at a macro-economic level rather than on incentives and requirements with sanctions focussing on the individual.

The general problem with focusing on effective marginal tax rates or tax credits as the key to increasing employment is that it constructs unemployment as an individual problem rather than a problem of deficient aggregate demand and that these strategies, while worthy in themselves because of the rewards they offer for those able to make a transition from welfare to work, are unlikely to create employment opportunities for the long-term unemployed.⁶⁵

- 4.46 When discussing assistance, incentives and obligations, the Committee has taken a broad view of the system as a whole. Employer incentives and job creation are discussed elsewhere and therefore this chapter focuses substantially on individual support. With that in mind, the balance of assistance, incentives, and obligations has three roles:

- helping people move from welfare to work by enhancing their long-term employment and self sufficiency prospects;
- as a safety net, but one that does not become a permanent destination for those who are capable of greater self-reliance, but does provide adequate support and assistance for the most disadvantaged who do need the social safety net on an ongoing or longer term basis; and
- maintaining social engagement and retention of employability skills and attitudes for those in the safety net.⁶⁶

Incentives

- 4.47 Ensuring that the income support system provides an adequate safety net for those in need while minimising disincentives to work is a difficult

64 Australian Council of Social Services, *Submission No. 74*, p. 19.

65 Ms Sally Cowling, Research Fellow, Centre of Full Employment and Equity, University of Newcastle; *Transcript of Evidence*, 12 March 2004, pp. 2-3.

66 Department of Employment and Workplace Relations, *Submission No. 72*, p. 15.

balancing act. Participating in paid work is influenced by four key elements of the income support system: the maximum rates of payments, income test structures (including their interaction with the income tax system), eligibility criteria for payments, and obligations (such as requirements to look for work) attached to payments.⁶⁷

- 4.48 Incentives in the context of this inquiry refer mainly to financial rewards for paid employment, to encourage greater participation and less reliance on income support. Financial incentives are affected by the design of the income support system, the level and structure of wages and the interaction of these with the tax system. However, there can also be non-financial costs and benefits associated with paid work. When the income gap between paid work and income support payments is small, disincentives to leave income support can arise as paid work is assumed to carry costs in both leisure and in household management (such as child caring, usually described as unpaid work) for which money must compensate.
- 4.49 A range of strategies can be used to change financial incentives, which include:
- social security means tests;
 - income support payment rates;
 - parameters of the tax system, including tax thresholds and rates;
 - wage settings; and
 - specific in-work benefits and earnings subsidies.
- 4.50 Treasury believes that Australia needs to look at Effective Marginal Tax Rates (EMTR – the net return for every extra dollar earned after taking account of tax and social security means tests) and the structure of the income support system to ensure there are sufficient incentives.⁶⁸

Maximum rates of payments

- 4.51 Greater participation in paid work should be financially beneficial and reduce reliance on government allowances to support the individual and the family. In some instances there are not clear financial benefits, such as

67 Treasury, *Submission No. 73*, p. 9.

68 Mr David Tune, General Manager, Social Policy Division, Treasury, *Transcript of Evidence*, 8 October 2003, p. 2.

when income support recipients are offered casual part-time and, or low hourly rate positions.

- 4.52 FaCS suggested that the difference between allowance and pension payment rates may create incentives to transfer from lower allowances such as Newstart, which have more stringent income tests and activity requirements, to higher pension rates such as the DSP.⁶⁹ Pensions are adjusted in line with movements in the Consumer Price Index and are 'topped up' to maintain the maximum rate of pension at a level of at least 25 per cent of Male Total Average Weekly Earnings. Increasing the allowance to pension level would act as a further disincentive to participate in paid work.

Greater focus on the differential between allowances and associated concessions, and employment earnings is considered to be a more productive avenue of investigation. Gulf Savannah Development Inc saw the need for the pay packet to be significantly higher than the dole to be an incentive to people to take up employment.⁷⁰

- 4.53 To ensure greater participation in paid employment, there must be positive benefits for the employee such as increased income, job satisfaction and improved prospects for a future position and income. Corston Pty Ltd, a small business, made the point that businesses are competing with the welfare system for a person's time and some employees prefer to work part-time so that their wages do not impact on their welfare payments.⁷¹

- 4.54 In some situations there is almost a culture of poverty that keeps people out of the workforce. There is a problem where there is second generation unemployment, and a lack of role models which can lead to a lack of motivation and interest.⁷²

... work needs to be seen as being worthwhile, dignified, valuable and achievable.⁷³

- 4.55 Dr Roger Wilkins from the Melbourne Institute of Applied Economic and Social Research suggested that one approach would be a greater reduction

69 Department of Family and Community Services, *Submission No. 99*, p. 33.

70 Gulf Savannah Development Inc, *Submission No. 37*, p. 4.

71 Corston Pty Ltd, *Submission No. 14*, p. 2.

72 Dr Alaric Maude, *Transcript of Evidence*, 18 March 2004, p. 7.

73 Central Western Regional Development Board, *Submission No. 46*, p. 4.

in the dependence on income support rather than attempting to reduce the duration of payment receipt. The facilitation of combining work and welfare support could be an option; for example, part-time work for people on a disability pension, that is relevant to their individual capacities.⁷⁴

- 4.56 Similarly, St Vincent De Paul acknowledged the challenges for the building and property industry which employs mature age workers, usually in part-time positions, when they will lose all the significant benefits of being on welfare.⁷⁵ The introduction of the Working Credit supports this approach, which is described in the next section.

Working credit

- 4.57 Previously, in moving from welfare to paid employment there is an issue of job insecurity which can result in a financial penalty through the delay in going back on benefits if the person becomes unemployed again.⁷⁶ In an effort to facilitate working part-time or taking temporary jobs the Australian Government introduced the Working Credit scheme in September 2003. The Working Credit aims to encourage people to take up work by allowing them to retain more of their payment from Centrelink when they commence a job.⁷⁷ In February 2004, there were 60 000 people per fortnight accessing the Working Credit.⁷⁸
- 4.58 Further, customers are able to retain some of their benefits, such as their pensioner concession card, their family tax benefit or their childcare benefit for up to 12 weeks after entering the workforce and no longer being eligible for payment as a consequence of their earnings. So far, around

74 Dr Roger Wilkins, Research Fellow, Melbourne Institute of Applied Economic and Social Research, University of Melbourne, *Transcript of Evidence*, 19 March 2004, pp. 54, 57.

75 Mr John Wicks, Vice President, National Social Justice Committee, St Vincent de Paul Society, *Transcript of Evidence*, 19 March 2004, p. 60.

76 Mr Mark Berry, Vice-President, Building Service Contractors Association of Australia – WA Division, *Transcript of Evidence*, 6 April 2004, p. 25.

77 Australian Government, November 2003, *Parents and employment: A guide to support your workforce participation*, Centrelink, p. 13.

78 Ms Serena Wilson, Executive Director, Department of Family and Community Services, *Transcript of Evidence*, 26 May 2004, p. 2.

35,000 people each fortnight have been able to take advantage of those mechanisms since September 2003.⁷⁹

- 4.59 The Committee sees this initiative as providing significant benefit and will be interested to see the longer term effects of the introduction of the Working Credit.

Tax reform

- 4.60 Recent reforms to the tax and income support system have been designed to make workforce participation more attractive to working-age people. The New Tax System reforms to family assistance and the personal income tax scale that commenced on 1 July 2000 had a major focus on improving the after-tax returns from employment in order to reduce disincentives.⁸⁰
- 4.61 Subsequent budgets have built on these changes, attempting to reduce EMTR, and raising the income thresholds.⁸¹ However, there has been some debate about the effectiveness of these changes in encouraging greater participation.⁸²

Effective marginal tax rates

- 4.62 Treasury commented that EMTR are often cited as a disincentive to work for those on income support payments.⁸³ For example, ACTU submitted that:

Effective marginal tax rates are an important issue. It is perverse that the highest marginal tax rates are faced by low paid workers in transition between no-work or little-work and full-time work or near full-time work. The withdrawal tapers of 50 per cent and 70 per cent on Newstart allowances are excessive and should be reduced to "make work pay".⁸⁴

79 Ms Serena Wilson, Executive Director, Department of Family and Community Services, *Transcript of Evidence*, 26 May 2004, p. 3; see also Department of Family and Community Services, *Submission No. 99*, pp. 32-33.

80 Department of Family and Community Services, *Submission No. 99*, pp. 31-32.

81 Australian Government, *Budget 2004-05, Budget Paper No. 1 – Maintaining Low Unemployment in Australia*, pp. 10-11.

82 Australian Council Trade Unions, *Submission No. 69*, pp. 17-18; Tasmanian Government, *Submission No. 102*, p. 22; Australian Industry Group, *Submission No. 64*, p. 3.

83 Treasury, *Submission No. 73*, p. 10.

84 Australian Council of Trade Unions, *Submission No. 69*, p. 17.

- 4.63 However, Treasury submits that the policy prescriptions are not obvious, due to the balancing required between advantages for one income group compared to another income group. This results in changing work incentives rather than increasing incentives for all.⁸⁵ Part of the debate rests on what type of work and participation is desired, and how it is rewarded through the tax-benefit system. Rewarding part-time work may maximise participation in the labour market. However, this may weaken incentives for full-time work.⁸⁶
- 4.64 ACOSS also considered that the current high EMTR act as a disincentive to people entering paid work. However, the area is described as very complex.⁸⁷ Addressing EMTR needs to be targeted to people in different circumstances.⁸⁸
- 4.65 Similarly, AIG is cautious about blanket changes to EMTR. It supports the need to remove the most extreme instances of high EMTR affecting jobless individuals and families. AIG also supports the general principle that income support payments should be targeted to those most in need.⁸⁹

Earned income tax credits

- 4.66 Some countries, for example the United States and the United Kingdom, have adopted a system of providing in-work benefits through the provision of tax credits on earned income. EITC raises the disposable incomes of low income families and can vary according to the number of dependent children.⁹⁰ Such a strategy has been suggested for use in Australia.⁹¹
- 4.67 ACCI believes that this approach will merely move the EMTR further up the income scale and this would have a detrimental effect on aggregate labour supply.⁹² Additionally, this would effectively provide a government

85 Treasury, *Submission No. 73*, p. 10.

86 Australian Council of Social Service, *Submission No. 74*, p. 43.

87 Mr David Thompson, Principal Policy Adviser, Office of Employment, Education and Training, Australian Council of Social Service, *Transcript of Evidence*, 28 January 2004, p. 3.

88 Mr Philip O'Donoghue, Acting Director, Australian Council of Social Service, *Transcript of Evidence*, 28 January 2004, p. 3.

89 Australian Industry Group, *Submission No. 64*, p. 3.

90 Australian Chamber of Commerce and Industry, *Submission No. 63*, p. 7.

91 Australian Council of Social Service, *Submission No. 74*, pp. 40-42 citing Dawkins, 2002, The five economists plan. *Labour Economics*, Vol 15, No. 2.

92 Australian Chamber of Commerce and Industry, *Submission No. 63*, p. 15.

subsidy to wages, with questionable affordability.⁹³ The cost of EITC is estimated to be substantial but unlikely to have a high impact.⁹⁴

- 4.68 The establishment of EITC was developed in the United States of America where there is no family payment system equivalent to that operating in Australia which has existing benefits such as Family Tax Benefit payments.⁹⁵

Personal tax-free threshold

- 4.69 Other strategies of further tax reform include raising the personal tax-free threshold to reduce the system of paying in tax then receiving benefits to meet specific needs.⁹⁶ This is suggested to address the problem of high EMTRs rather than introducing another means-tested income transfer.
- 4.70 Currently the personal tax threshold is \$6 000. A strategy of reducing taxes by raising the personal threshold means workers take home an improved wage. Additionally, jobs are not threatened by raising minimum wages, nor are work incentives undermined by topping up incomes with tax credits.⁹⁷
- 4.71 Critics of the scheme argue that too much revenue would be lost by increasing the threshold, and that there are more cost-effective ways than raising the tax-free threshold, which is expensive and affects everyone.⁹⁸ However, in defence of the proposal, an increased tax-free threshold would partly be paid for by savings in the current level of income support spending going to working people. Proponents argue that at the very least the threshold should be raised to welfare levels to establish the principle that nobody should pay tax until they have earned their own subsistence.⁹⁹

93 Brotherhood of St Laurence, *Submission No. 81*, p. 11.

94 Mr David Thompson, Principal Policy Adviser, Office of Employment, Education and Training, Australian Council of Social Service, *Transcript of Evidence*, 28 January 2004, p. 3.

95 Brotherhood of St Laurence, *Submission No. 81*, p. 11.

96 Saunders, P, 2003, *A Self-Reliant Australia. Welfare Policy for the 21st Century*, Centre for Independent Studies, *Exhibit No. 35*, p. 31.

97 Centre for Independent Studies, *Submission No. 75*, p. 6.

98 Mr Philip O'Donoghue, Acting Director, Australian Council of Social Service, *Transcript of Evidence*, 28 January 2004, p. 3.

99 Centre for Independent Studies, *Submission No. 75*, pp. 5-7; Brennan, K, *Submission No. 56*, p. 16.

Taper rates and income test stacking

- 4.72 Amendments to taper rates and income test 'stacking' have occurred since the mid 1990s through social security reforms intended to improve work incentives for working age people. Income test stacking occurs when people lose benefits from more than one program simultaneously. In July 2000, family assistance income test taper rates were generally standardised, and reduced from 50 cents to 30 cents. Additionally allowance income tests and family assistance tests were 'unstacked'.¹⁰⁰
- 4.73 However, evidence to the Committee suggests that further work is required. ACOSS believes that taper rates should be tailored to full-time employment as this lifts people and families out of poverty.¹⁰¹ It may be more effective to have a different taper rate for part-time work and the particular circumstances need to be considered.¹⁰² ACCI also supports a review of taper rates. For example, Newstart Allowance and Partner Allowance are reduced by 70 cents for each dollar earned in excess of \$142 a fortnight. These high rates of withdrawal are necessary in order to ensure that benefits are only paid to those needing support. However, further investigation is warranted. ACCI suggests that sequential tapering of benefits would remove some of the largest work disincentives facing families and would allow a smoother welfare to work transition.¹⁰³
- 4.74 ACCI believes that the elimination of income test stacking of welfare benefits will reduce the major disincentives from high EMTR.¹⁰⁴ Restructuring income test thresholds in this way is apparently a feasible and relatively inexpensive means of addressing low income traps for

100 Department of Family and Community Services, *Submission No. 99*, Attachment B, p. 53. Taper rates: Income above the free area (which is income that is ignored) reduces the pension or benefit at a defined rate known as the 'taper rate'. Income test stacking: for example, as a person earns an extra dollar in wages they lose 30c of Family Tax Benefit and 40c of family allowances.

101 Mr Philip O'Donoghue, Acting Director, Australian Council of Social Service, *Transcript of Evidence*, 28 January 2004, p. 4.

102 Mr Philip O'Donoghue, Acting Director, Australian Council of Social Service, *Transcript of Evidence*, 28 January 2004, p. 4; Australian Council of Social Service, *Submission No. 74*, p. 7.

103 Australian Chamber of Commerce and Industry, *Submission No. 63*, p. 4.

104 Australian Chamber of Commerce and Industry, *Submission No. 63*, p. 15.

- working families.¹⁰⁵ Families without employment are the most disadvantaged and would not be assisted by EITC.¹⁰⁶
- 4.75 The income test for payments, particularly Newstart Allowance, is described by some as severe. It was suggested by COTA NSP that this is a disincentive to taking part-time work, with full-time work considered a preferable option.¹⁰⁷
- 4.76 ACOSS provided to the inquiry some general comparisons on the costs possibly involved of different incentive strategies, but other agencies did not provide such detail.¹⁰⁸ In summary, it has been suggested that the most productive areas of incentive reform would be to:
- reduce the ‘stacking’ of income tests and address the different income tests for pensions compared to allowances;
 - review taper rates;
 - address very high EMTR; and
 - increase the tax-free threshold.
- 4.77 The National Centre for Social and Economic Modelling (NATSEM) indicated that an EMTR of over 60 per cent is regarded as a disincentive for increased work. NATSEM found that the interaction of the tax and social security systems means that for some families, particularly those on low incomes, the financial incentives to work can be quite small. The additional burden of childcare costs also reduces the incentives. While high income couples keep around half of the mother’s earnings when she returns to working 35 hours per week, low income couples get to keep less than a third.¹⁰⁹
- 4.78 NATSEM commented that some of the results are worrying:
- If you subscribe to the stepping stone argument – that a low paid casual or part-time job now may lead on to a higher paid job with

105 Australian Chamber of Commerce and Industry, *Submission No. 63*, p. 4 citing D Inglis *Rationalising the Interaction of Tax and Social Security: Part 1*, November 2000. See also The Shop Distributive and Allied Employees Association, *Submission No. 79*, p. 31.

106 Australian Chamber of Commerce and Industry, *Submission No. 63*, p. 9.

107 Council on the Ageing National Seniors Partnership, *Submission No. 86*, p. 12.

108 ACOSS, *Submission No. 74*, pp. 40-50.

109 Toohey, M & Beer, G, 2003, *Is it worth working now? Financial incentives for working mothers under Australia’s new tax system*, National Centre for Social and Economic Modelling, Paper for the 2003 Australian Social Policy Research Conference, pp. 21-22.

more hours in the future ... The very people who stand to benefit from greater participation in the workforce are the ones who face the highest financial disincentives to do so. Furthermore, while in the long run it may be worth working even when the family is financially worse off now, those on low incomes are the least likely to have the financial capacity to do this.¹¹⁰

4.79 This highlights the importance of estimating the effects of changing systems. FaCS identified issues that need to be considered including:

- the effect of the measures on households outside the transfer system (as they may trigger an overall fall in participation measured in terms of aggregate hours worked amongst middle and upper income households);
- uncertainty regarding how income test and tax withdrawals will affect labour supply preferences and behaviours of working-age people;
- how to isolate and measure the effect of changed work incentives from the effect of changes in the labour market and the broader society.¹¹¹

Recommendation 4

The Committee recommends that the Australian Government review the tax free threshold, taper rates, effective marginal tax rates and income test stacking to maximise incentives to move from income support payments to increased participation in paid work.

110 Toohey, M & Beer, G, 2003, *Is it worth working now? Financial incentives for working mothers under Australia's new tax system*, National Centre for Social and Economic Modelling, Paper for the 2003 Australian Social Policy Research Conference, pp. 21-22.

111 Department of Family and Community Services, *Submission No. 99*, p. 34. For example, some people will work less, and others more, in response to changed work incentives. Also, the rise in participation of some people may be accompanied by an overall fall in the average hours worked if the work incentives of middle and upper income households are reduced.

Assistance

- 4.80 For this inquiry assistance refers to measures to increase participation including:
- improving job search by enhancing job search skills and activities;
 - providing timely and accessible information;
 - improving skills and employability through education and training programs, and the costs of training or education;
 - providing individualised assistance such as case managers and personal advisers to develop individual action plans to address different needs and barriers; and
 - assisting with costs of work such as transport or childcare costs.¹¹²
- 4.81 Labour market assistance approaches have varied in Australia over the last few decades. The current Australian Government introduced work first approaches to replace labour market programs focusing on skills development in the late 1990s. Jobseekers are encouraged to Work for the Dole and a range of programs are offered under the Mutual Obligation initiative. Targeted skills improvement opportunities were continued, such as the Jobs, Education and Training scheme, or introduced, such as the Return to Work program for parents and mature age people.¹¹³
- 4.82 The introduction of Job Network as a national network of private and community organisations dedicated to finding jobs for unemployed people significantly changed the provision of employment services. Job seekers typically register with Centrelink for income support and are then referred to Job Network members for assistance.
- 4.83 FaCS indicated that the focus of assistance measures has shifted towards the needs of particular groups, such as long-term unemployed and those with multiple barriers, to maximise the return on efforts. This is a shift from programs to all unemployed people, a significant number of whom could gain employment through less intensive efforts.¹¹⁴

112 Department of Family and Community Services, *Submission No. 99*, p. 38.

113 Department of Family and Community Services, *Submission No. 99*, p. 40 and Attachment A provides an overview of assistance measures that have been introduced since the introduction of Australians Working Together.

114 Department of Family and Community Services, *Submission No. 99*, p. 39.

- 4.84 The Queensland Government acknowledged the beneficial impact of recent changes to *Australians Working Together* and employment services. However, a criticism of the Job Network system in 2003 was that the primary focus is on job matching of job-ready individuals. Disadvantaged job seekers are considered unlikely to secure a job quickly unless remedial assistance is provided to individuals, and strategies are tailored to marginalised communities.¹¹⁵ The Tasmanian Government raised similar issues, with a need to provide greater intensive assistance to job seekers, improved resourcing and government coordination.¹¹⁶
- 4.85 Changes to systems and services are continuing. In July 2003 the Active Participation Model was introduced and is intended to simplify access to services for job seekers and streamline services provided by Centrelink, Job Placement Organisations, Job Network members and complementary employment and training programs. Key features of this model include a single Job Network member providing continuous assistance and working with job seekers until they find employment.¹¹⁷ A range of assistance is available such as Job Search Support service and, for longer term unemployed people, Intensive Support services.
- 4.86 Centrelink has Personal Advisers to assist mature age income support recipients, Parenting Payment recipients, Indigenous people and those with exemptions from activity tests or who have recently been released from prison.¹¹⁸ Jobs, Education and Training Advisers are also available to assist. Job Network data indicate that there has been a 52 per cent increase in job placements for Job Seekers for job seekers aged over 45 in the 12 months to January 2005. Long-term unemployment has fallen to its lowest level in 18 years, to be 1 per cent of the entire labour force. The proportion of the total unemployment pool that have been out of work for 12 months or longer also declined to 19 per cent.¹¹⁹
- 4.87 DEWR indicated that in 2002-03, 228 607 long-term unemployed and other disadvantaged job seekers entered Intensive Assistance, with a positive outcomes level of 54 per cent. By May 2004, 328,000 job seekers entered

115 Queensland Government, *Submission No. 87*, p. 8.

116 Tasmanian Government, *Submission No. 102*, p. 25.

117 Department of Employment and Workplace Relations, *Submission No. 72*, p. 10.

118 Department of Employment and Workplace Relations, *Submission No. 72*, p. 16.

119 Mr Chris Foster, Acting Group Manager, Research, Evaluation and Legislation Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 February 2005, p. 16; Australian Bureau of Statistics, *Labour Force, Australia, Detailed – Electronic Delivery* (Cat. No. 6291.0.55.001).

Intensive Support customised assistance. Overall for the entire Job Network, 2004 is described as being a record year with significantly increased new vacancies lodged, and an increase of 51 per cent in job placements.¹²⁰ Job Network star ratings focus on the achievement of employment outcomes for job seekers, and are weighted towards sustainable outcomes for long-term unemployed and other disadvantaged job seekers.¹²¹

- 4.88 ACOSS concluded that investing in more effective and targeted labour market assistance may result in better outcomes than altering financial incentives for all Australians.¹²² However, the Committee considers that multiple strategies are needed to support increased participation for income support participants.
- 4.89 The Queensland Government *Breaking the Unemployment Cycle* initiative includes a range of programs, including community employment labour market programs. Other community focussed programs such as Intermediate Labour Market programs are suggested as providing some benefit to long-term unemployed persons in South Australia.¹²³
- 4.90 One of the issues raised with the Committee is that people are not accessing programs when assistance is available,¹²⁴ and there needs to be greater support in moving from welfare to work.
- 4.91 Thought needs to be given to easing the transition from social security to work such as retaining some concessions for a longer period:

In going from social security payments to work ... You lose your money from welfare payments and you lose your concession cards. If you are in public housing you get your rent put up. You lose

120 Mr Chris Foster, Acting Group Manager, Research, Evaluation and Legislation Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 February 2005, p. 14, reporting in February 2005; and Mr Graham Carters, Group Manager, Working Age Policy Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 February 2005, p. 2.

121 Department of Employment and Workplace Relations, *Submission No. 72*, p. 11.

122 Australian Council of Social Services, *Submission No. 74*, p. 41.

123 See for example: Queensland Government, *Submission No. 87*, pp. 8-10; Logan City Council, *Submission No. 34*, pp. 1-3; Flinders University, *Submission No. 43*, examples of Murray Bridge, Whyalla and Port Lincoln, p. 13.

124 Dr Alaric Maude, *Transcript of Evidence*, 18 March 2004, p. 8.

access in some circumstances to pharmaceutical benefits and you lose concessions on bills and so on ...¹²⁵

- 4.92 Working Credit changes were introduced to allow continuation of some concessions. People build a life around a social security system and there needs to be a transition:

There are peripheral issues that you have got to address in the short term and, from our experience, when you stop the government system and move them into an employment system they generally jump back into the system they are most comfortable with.¹²⁶

Job Seeker Accounts

- 4.93 For job seekers in Intensive Support, Job Network members have access to a new Job Seeker Account to purchase assistance to help eligible job seekers secure work and encourage on-going active participation. The assistance could include:

- skills training, such as a TAFE course;
- help with transport costs to attend job interviews;
- providing a wage subsidy to an employer; or
- purchasing appropriate clothing to attend job interviews.¹²⁷

- 4.94 Mature age and Indigenous job seekers also access additional training funds through a Training Account with no upper limit placed on funds available to individual job seekers. This funding is in addition to the Training Credit which is earned through participation in Work for the Dole or community work.

- 4.95 Following the introduction of the Job Seeker Accounts, concern was voiced that accounts are underspent and it was suggested that there are

125 Dr Stephen Ziguras, Research and Policy Manager, Brotherhood of St Laurence, *Transcript of Evidence*, 19 March 2004, p. 40.

126 Mr George Housakas, Enterprise Development Officer, Brotherhood of St Laurence, *Transcript of Evidence*, 19 March 2004, p. 40.

127 Department of Employment and Workplace Relations, *Submission No. 72*, p. 10.

substantial bureaucratic requirements to get permission to spend the money.¹²⁸

- 4.96 DEWR acknowledged that in the early operation of the Jobseeker Account DEWR was asking for too much information from the Job Network members in terms of what the money was being spent on, and for what purpose. The administration has now been streamlined while maintaining reasonable accountability measures.¹²⁹ Assistance is provided for training, clothing and equipment, workplace modifications and employer subsidies as examples. In a recent evaluation, providers that spent the majority of their Job Seeker Account funds achieved 22 per cent more employment outcomes.¹³⁰
- 4.97 This initiative appears to be very flexible and the Committee will await with interest the outcomes of further evaluations of the effectiveness of the Job Seeker Account. The Committee notes the early concerns and considers that the issues are now being addressed.

Obligations

- 4.98 The Committee acknowledges that both governments and individuals have responsibilities to improve a person's capacity to contribute to society. Among the responsibilities of governments is to support participation. Employers and communities have a responsibility to provide employment opportunities and other supports. Individuals who are income support recipients have a responsibility to take up opportunities provided within their capacity.
- 4.99 'Mutual Obligation' was introduced in June 2002 for unemployed job seekers who have been receiving income support for six months. Recipients are required to undertake an activity in addition to job search to

128 Dr Stephen Ziguas, Research and Policy Manager, Brotherhood of St Laurence, *Transcript of Evidence*, 19 March 2004, p. 41.

129 Mr Finn Pratt, Group Manager, Intensive Support Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 26 May 2004, Canberra, p. 4.

130 Mr Graham Carters, Group Manager, Working Age Policy Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 February 2005, p. 13.

assist with finding employment.¹³¹ Parents with children aged 13 and over also now have participation requirements.

- 4.100 A range of agencies representing non-government social services and advocacy groups have been supportive of recent changes to welfare reform and the provision of more targeted personal assistance. BSL saw some aspects of the welfare reform process as positive,¹³² as did Mission Australia, who are cautiously optimistic.¹³³ Similarly, the COTA NSP believe that the new Working Credit will ameliorate some of the problems mature age people have encountered.¹³⁴
- 4.101 However, DEWR suggested that there remain a number of problems in the social security system for working age people including:
- the system has become too complex and difficult to understand;
 - the system does not always provide clear incentives to work;
 - people in similar circumstances can get different levels of assistance - this is unfair and creates inappropriate incentives;
 - the system does not adequately support and encourage participation; and
 - of 2.8 million working-age income support recipients, only 1 million are on activity payments, and only half of these must look for work.¹³⁵
- 4.102 Many people will enter or re-enter the paid workforce through their own efforts or with some minimal assistance. However, for some people with little experience of employment or facing other barriers the transition to employment is difficult. The Reference Group on Welfare Reform identified the need for participation requirements to encourage greater social and economic involvement.

The stark reality is that those who most need assistance are often those who have few opportunities to participate and are often the least motivated to pursue them. For this reason, the new system must engage people more actively, and to be successful that

131 Centrelink FactSheet, 2004: *Options for your Future – Mutual Obligation*, <[www.centrelink.gov.au/internet/internet.nsf/filestores/lw011_0308/\\$file/lw011_0308en.pdf](http://www.centrelink.gov.au/internet/internet.nsf/filestores/lw011_0308/$file/lw011_0308en.pdf)>

132 Dr Stephen Ziguras, Research and Policy Manager, Brotherhood of St Laurence, *Transcript of Evidence*, 19 March 2004, p. 31.

133 Mission Australia, *Submission No. 104*, p. 4.

134 Council on the Ageing National Seniors Partnership, *Submission No. 86*, p. 12.

135 Department of Employment and Workplace Relations, *Submission No. 72*, p. 17.

engagement must be reciprocal. Consequently, the Reference Group believes that some form of requirement is necessary.¹³⁶

- 4.103 ACOSS cited an OECD report which strongly advocates that people receiving income support should be required to be active in their job search.¹³⁷ ACOSS also makes the point that:

... [active participation] strategies only work for the relatively small number of people who are demotivated but otherwise relatively skilled and capable. Applying those same strategies to people who are demotivated and who do not have the skills and the capabilities is actually the wrong prescription for them.¹³⁸

- 4.104 Obligations extend beyond the individual and government to include business and community participation. Business has an obligation to work with government, communities and individuals to generate more job opportunities. Partnerships between these groups are essential to effectively link training, counselling and work opportunities.¹³⁹

- 4.105 In efforts to encourage greater engagement by income support recipients participation agreements have been required for some parents and mature age job seekers. For example for parents, changes introduced in late 2003 have increased the onus on parents to become more active in returning to work, in a graduated manner.

Achieving compliance and breaching

- 4.106 Participation agreements are plans that set out one or more activities agreed to by the income support recipient to continue receiving payments. To achieve compliance with this approach, if participation in an agreement that suits the recipient's circumstances is refused, then payment may be reduced or stopped. A decision that reasonable steps have not been taken by a person to do the agreed activities is called a 'breach'. Financial penalties for breaching include:

136 McClure, P (Chair) (2000) *Participation Support for a more equitable society*, Reference Group on Welfare Reform, p. 5.

137 Mr David Thompson, Principal Policy Adviser, Office of Employment, Education and Training, Australian Council of Social Service, *Transcript of Evidence*, 28 January 2004, p. 9.

138 Mr David Thompson, Principal Policy Adviser, office of Employment, Education and Training, Australian Council of Social Service, *Transcript of Evidence*, 28 January 2004, p. 10.

139 McClure, P (Chair), 2000, *Participation Support for a More Equitable Society*, Reference Group on Welfare Reform, pp. 4-5.

- first breach in a two year period: payment reduced by 18 per cent of the maximum rate for up to 26 weeks;
 - second breach in a two year period: payment reduced by 24 per cent of the maximum rate for up to 26 weeks;
 - third or more breach in a two year period: payment stopped completely for up to eight weeks.¹⁴⁰
- 4.107 If the recipient completes the activities within 13 weeks of the penalty starting, any money withheld from payments will be paid back in full for certain income support recipients, such as parents.¹⁴¹ However, BSL believes that for all recipients, when someone has met the requirement following a breach then the breaching penalties should be reimbursed, as getting them to meet their requirement is the point of the breaching penalty.¹⁴²
- 4.108 ACOSS commented that the current system of mutual obligation is focused on the assumption that joblessness is mainly a behavioural problem of the income support recipient. To improve participation the emphasis has focused on enforcing compliance rather than helping move people towards employment. ACOSS argued that there is an imbalance between positive employment assistance and social security compliance.¹⁴³
- 4.109 ACOSS believes this is demonstrated by:
- the harshness of penalties;
 - the high numbers of people breached;
 - the lack of flexibility in taking into account personal circumstances in setting and adjusting compliance requirements and responding to non-compliance;¹⁴⁴
 - the high level of administrative (non-client) error associated with breaches;¹⁴⁵ and

140 Australian Government, November 2003, *Parents and employment: A guide to support your workforce participation*, Centrelink, p. 7.

141 Please Refer to Attachment C of the Department of Family and Community Services *Submission No. 99*, p. 54 for an overview of labour market payments – requirements and sanctions following the implementation of Australians Working Together.

142 Mr George Housakas, Enterprise Development Officer, Brotherhood of St Laurence, *Transcript of Evidence*, 19 March 2004, p. 39.

143 Australian Council of Social Service, *Submission No. 74*, p. 37.

144 Australian Council of Social Service, *Submission No. 74*, p. 38.

- the lack of appropriate supports and services generally available.¹⁴⁶
- 4.110 Of particular concern to the charitable and community sector are more vulnerable Australians, such as people with mental illness, low literacy levels, substance abuse issues, and homeless people. Such people are described as less able to cope with the participation system requirements. ACOSS stated that the current penalty regime should be overhauled for unemployed people, with the rate and duration of penalties reduced, and systems enhanced to ensure they are used only as a last resort. Disability Action also wishes to dissuade government from introducing compulsory participation requirements for people with disabilities and their carers.¹⁴⁷
- 4.111 BSL commented that despite some recent changes in the breach penalty system, it remains far too punitive and continues to create hardship that prevents some people from participating actively. It needs to be re-designed to enable it to function as a method to ensure compliance rather than a form of punishment.¹⁴⁸ The Tasmanian Government also commented that the recent relaxation of the breaching regime is welcomed, but that there remains a risk of the system being counterproductive in achieving the best long-term outcomes for recipients.¹⁴⁹
- 4.112 The Committee notes that a careful balance must be struck whereby appropriate non-compliance penalties are in place, and assistance measures are also available to ensure that income support recipients understand the obligations placed on them and the support available to them. This is of particular importance for disadvantaged groups to ensure that breaching penalties encourage compliance and participation rather than contribute to disadvantage.

In summary

- 4.113 The Committee notes that one of the challenges facing Australia is reforming the current welfare system. Over 20 per cent of adults of working age are on income support. Reducing the prevalence of reliance

145 Underemployed People Union WA, *Submission No. 89*, p. 8: cite a study of a significant number of breach reports from Job Network staff being overturned by Centrelink.

146 Australian Council of Social Service, *Submission No. 74*, p. 38.

147 Disability Action, *Submission No. 94*, pp. 6-7.

148 Brotherhood of St Laurence, *Submission No. 81*, pp. 10, 12; see also Mr K Brennan, *Submission No. 56*, p. 34; Mr K Graham, *Submission No. 62*, p. 4.

149 Tasmanian Government, *Submission No. 102*, p. 22.

on income support is one approach to increase the level of participation in paid work. Economic participation, as paid work, increases not only income but also self-esteem.

- 4.114 To reduce this reliance, opportunities in growing industries and occupations need to be identified to focus efforts. The challenge is to assist individuals with perhaps special needs to develop sought after skills and to ensure they remain in more permanent employment.
- 4.115 Australia spends less on labour market programs than other OECD countries. Labour market programs, while increasing the opportunity for the unemployed to find work, can be seen as a short-term solution. Community development programs, especially when linked with other programs such as Work for the Dole, are designed for low-skilled unemployed people but are criticised for not resulting in permanent employment opportunities.
- 4.116 The Committee was presented with information about the emerging trend of the number of skill shortages in the Australian workforce. Increasing participation will require increasing the education and skills of people. The biggest growth industry in Australia between 1997 and 2002 was professional occupations. Growth in labouring, production, transport, clerical, sales, service was below the average growth levels. This loss in low-skilled and medium-skilled jobs has meant that there has been an increased pressure for people to invest in education and training.
- 4.117 Participating in paid work is influenced by four key elements of the income support system: the maximum rates of payments, income test structures, eligibility criteria for payments and obligations attached to payments. The average time spent on income support has increased over the recent years. The increase of part-time work has helped many unemployed people to be able to participate in the workforce and come off income support. However, addressing possible taxation and income test disincentives could improve this 'stepping stone' strategy.
- 4.118 Recent reforms to the tax and income support system have been designed to make workforce participation more attractive to working-age people. The Committee believes that there is further scope to fully realise tax benefits and to maximise the incentives to participate in paid work.
- 4.119 Evidence to the Committee suggested that the most productive areas of financial incentive reform would be to:
- reduce the 'stacking' of income tests and address the different income tests for pensions compared to allowances;

- review taper rates;
- address very high EMTR; and
- increase the tax-free threshold.

4.120 The focus of the assistance measures have shifted towards the needs of particular disadvantaged groups, to maximise the return on efforts, rather than a suite of programs to all unemployed people. Personal Advisers, Intensive Support and other more individualised services are seen to be effective. Working Credit and Jobseeker accounts also are being viewed favourably.

4.121 Governments, employers and communities have a responsibility to provide employment opportunities and other supports. Individuals have the responsibility to take up appropriate opportunities. However some people find it difficult to make the transition to work as they may face barriers to participate in paid work. Strategies to address barriers for groups identified as having specific needs are investigated further in the next chapter.

5

Targeted approaches to increasing employment

- 5.1 Throughout this report targeted approaches to assisting Australians increase their participation in paid work have been recommended. Identifying strategies to assist the long-term unemployed, mature age workers, parents and carers, Indigenous Australians, people with a disability, migrants, and young people is the focus of this section.
- 5.2 In considering strategies to assist disadvantaged groups the Committee is aware that there are deficiencies in current definitions; specifically some definitions do not take into account changes in the workforce, participation trends and new employment arrangements. Examples include the exclusion of mature age people from the definition of those attending school and the exclusion of those aged 65 and over from the definition of mature age workers.
- 5.3 The Committee recommends additional data collection which would address these deficiencies and provide a more comprehensive overview of current labour market and workforce participation characteristics.

Recommendation 5

The Committee recommends that the Australian Government undertake additional data collection to address deficiencies in definitions, which will provide a more comprehensive overview of current labour market and workforce participation characteristics.

Long-term unemployed

- 5.4 Evidence to the Committee expressed concerns that the number of people who have been unemployed for two or more years is growing as a proportion of both the unemployed and the labour force, and the period of their unemployment.¹ Although there were various interpretations of the available data, there is agreement that a substantial proportion are remaining on unemployment payments for long periods.
- 5.5 The decrease in the number of long-term unemployed has been at a slower rate than for the short-term unemployed, and there has been a 40 per cent increase in the number of people in this category who have been on income support for more than five years.² Given that it is more difficult to enter the workforce after extended periods on income support, this issue is of concern.
- 5.6 FaCS acknowledges the use of time limits as an incentive. However, in most countries which are said to have time limits they are limits on unemployment insurance benefits, after which the person reverts to unemployment assistance benefits (comparable to Newstart Allowance) which are not time limited.³
- 5.7 People on Newstart Allowance for more than two years are described as having specific needs that require addressing before achieving sustainable employment. ACOSS advocates substantially greater assistance than is currently provided in the Active Participation Model.⁴
- 5.8 Focussing on local communities, BSL has trialled an integrated approach of assistance for long-term unemployed people in Victoria.⁵ The

1 See Dr Elizabeth Webster, Senior Research Fellow, Melbourne Institute of Applied Economic and Social Research, University of Melbourne, *Transcript of Evidence*, 24 March 2004, p. 12; Ms Sally Cowling, Research Fellow, Centre of Full Employment and Equity, University of Newcastle, *Transcript of Evidence*, 12 March 2004, p. 1; Department of Family and Community Services, *Submission No. 99*, pp. 13-14; Queensland Government, *Submission No. 87*, p. 7; Senator the Hon Kay Patterson, Minister for Family and Community Services, 2004, 'Long term unemployment falls under coalition', *Media Release*, 1 July 2004, in response to Garnaut J, *Sydney Morning Herald*, 'Long-term unemployment up by two-thirds in five years', 1 July 2004, p. 2.

2 Department of Family and Community Services, *Submission No. 99*, p. 14. FaCS notes that these figures are difficult to interpret as unemployed income recipients can have periods of up to 25 weeks where they do not receive income support but remain as unemployed within the system for administrative purposes.

3 Department of Family and Community Services, *Submission No. 99*, p. 30.

4 Australian Council of Social Service, *Submission No. 74*, p. 34.

5 Brotherhood of St Laurence, *Submission No. 81a*, p. 1.

Committee visited Atherton Gardens Public Housing Estate where 95 per cent of residents were on income support, one quarter are single parents, it is an ethnically diverse community with over 60 per cent of residents are of NESB. The crucial aspects of service delivery specified by BSL to assist people who have been unemployed for two years or more include:

- *community engagement* - identifying community needs;
- *intensive support* - providing support workers to assist with personal issues as well as work skill development;
- *pre-vocational training* - developing a combination of work skills and personal development skills to manage the transition from unemployment to sustainable employment;
- *work experience* - providing opportunities to learn-on-the-job and re-acquaint with a daily work routine;
- *traineeships* - promoting national certificates and qualifications to provide support for people to look beyond entry level jobs;
- *post-placement support* - continuing support to aid in the transition when dealing with the costs of travel, clothing, childcare and changes to income support arrangements, and early work issues; and
- *whole of government approach* - working collaboratively between tiers of government to make the most of funding streams and programs.⁶

5.9 BSL argued that the four main principles for success with this approach involve the use of intermediate labour markets to enable the development of work skills to then allow assisted workers to enter the open labour market. Secondly, moving people from long-term unemployment to sustainable employment takes time for them to adjust to new work environments. There is a need to invest in such programs, as moving people from income support to sustainable employment is beneficial economically and socially. Finally, there is an advantage to implementing greater coordination between services to support long-term unemployed people who may require multiple and simultaneous forms of assistance.⁷

5.10 Dr Elizabeth Webster from the Melbourne Institute of Applied Economic and Social Research made the point that if the long-term unemployed have major health, social, education or language problems, it will take a long time to get them into the workforce and they 'probably need a soft entry'.

6 Brotherhood of St Laurence, *Submission No. 81a*, pp. 4-6.

7 Brotherhood of St Laurence, *Submission No. 81a*, p. 11.

According to Dr Webster, the six months work under the Working Nation package may not be long enough and people have returned to unemployment. Dr Webster added that there have also been difficulties with the European schemes where these are ongoing jobs.⁸

- 5.11 BSL highlighted the need to bring the key stakeholders together in a concentrated approach to best assist individuals. BSL has implemented tailor made pre-employment programs and traineeships within government, business and not for profit organisations, with 103 people over the past 18 months. Seventy-five per cent of these have been out of work for more than two years. BSL added that effective programs will be the ones that lead to a job.⁹

... it is not rocket science. In some ways, it is a very simplistic model. It is about that [support] person being a trusted, embedded catalyst, which goes back to services inserting themselves back into the community.¹⁰

- 5.12 A holistic approach is one which potentially involves all levels of government, industry and businesses, and community organisations in a coordinated approach to address multifaceted complex issues. The holistic approach used by BSL includes engaging the community to identify needs, providing intensive support to program participants, enabling the development of pre-vocational skills, access to work experience and post-placement support to assist in the transition.

Recommendation 6

The Committee recommends that the Australian Government work with local, State and Territory governments, business, union and community organisations to invest in more holistic pilot projects which combine personal support, paid work experience, pre-vocational training, employment assistance, traineeships and post-placement support for the long-term unemployed.

8 Dr Elizabeth Webster, Senior Research Fellow, Melbourne Institute of Applied Economic and Social Research, University of Melbourne, *Transcript of Evidence*, 24 March 2004, p. 18.

9 Brotherhood of St Laurence, *Submission 81a*, p. 3.

10 Mr George Housakas, Enterprise Development Officer, Brotherhood of St Laurence, *Transcript of Evidence*, 19 March 2004, p. 36.

Recommendation 7

The Committee recommends that the Australian Government initiate further cross portfolio coordination to increase the provision of places in holistic type projects (through the Personal Support Program, Green Corps and traineeship programs) which assist the long-term unemployed enter the labour force, and in particular seek to address skills shortages in rural and regional areas.

Mature age workers

- 5.13 In Australia there has been an increasing expectation of an early retirement. In recent years the Treasurer has emphasised that it is important that the retirement income system does not encourage people to leave the workforce prematurely, particularly if the major part of retirement is to be funded by taxpayers. Preservation rules allowing early access to superannuation can encourage this.¹¹
- 5.14 There are complex barriers for mature age people wishing to enter or re-enter the workforce, and those listed in various submissions included:
- lack of appropriate skills and training for employment in the new economy and a need for training and support to enable them to continue participating;
 - social security and tax disincentive effects;
 - changing labour market dynamics which have resulted in disruption to traditional work options and employment patterns for many people;
 - the widespread use of retrenchment processes and severance payments, with those who have been unemployed a long time facing considerable difficulty in becoming re-employed, and discrimination in terms of recruitment and retrenchment;
 - employer perceptions that surround mature age workers such as low levels of productivity and inability to adapt to technological change;

11 Address by the Hon Peter Costello MP Treasurer, *Australia's Demographic Challenges*, 25 February 2004, pp. 5- 6.

- mature age unemployment tends to be long-term, bringing with it considerable financial and psychological difficulties and this has an adverse effect in terms of re-entry to the workforce;
 - mature age jobseekers remain largely hidden during discussions about unemployment, in part due to the significant numbers of people who decide to retire upon becoming unemployed;
 - lack of jobs in particular regions and locations;
 - where there are labour shortages retraining will be needed for experienced workers returning to the workforce;
 - people responsible for recruiting workers need to be made aware of the value of mature age workers;
 - the mode of delivery of education or training, fear of learning particularly for those who have previous negative experiences of education, motivation, lack of financial resources, lack of support from family and employers.¹²
- 5.15 With improved living conditions and healthy ageing trends people have the ability to work longer and should not be expected to retire at 65 years of age. Legislation needs to support the active participation of older people in the paid workforce.¹³
- 5.16 There is support for current initiatives in the Australians Working Together package for mature age workers. For example, Mission Australia indicates that Personal Advisors based in Centrelink, priority placements in appropriate services and programs, and training credits will assist mature age workers to re-enter the workforce. The earlier the assistance can be provided for mature age workers who have been made unemployed or are facing retrenchment, the better chance they have of regaining employment and the less likely they will be at risk of long-term unemployment or opt for early retirement.¹⁴ COTA NSP said that this service also needs to be improved to be more amenable to mature age people.¹⁵

12 See Council on the Ageing National Seniors Partnership, *Submission No. 86*, p. 3; Tasmanian Government, *Submission No. 102*, p. 13; and Department of Education, Science and Training, *Submission No. 93*, p. 22.

13 See Council on the Ageing National Seniors Partnership, *Submission No. 86*, p. 3 and Tasmanian Government, *Submission No. 102*, p. 13; Department of Education, Science and Training, *Submission No. 93*, p. 22.

14 Mission Australia, *Submission No. 104*, p. 14.

15 Council on the Ageing National Seniors Partnership, *Submission No. 86*, p. 6.

- 5.17 Australian research found that males mainly aged over 50 with an ongoing medical condition were the most likely not to participate in economic or social activity. Poor health and older age are two factors that restrict the ability or willingness to participate.¹⁶
- 5.18 Mission Australia supports assistance also being made available to people not receiving income support payments. Other suggestions include:
- expanding the target market for the New Enterprise Incentive Scheme to include all 50 year olds, not just those on income support; and
 - “one-off” wage support incentives for employers who employ a mature age worker for more than six months.¹⁷

Retaining older workers

- 5.19 The Australian Government’s retirement income policy is designed to provide incentives, flexibility and security which support a wide range of choices for people.¹⁸ The superannuation system and preservation age may affect the retention of mature age workers in employment as well as a culture of early retirement in Australia, but retirement is not always by choice.
- 5.20 Treasury made the point that while self-funded retirees will not add to the cost of aged pensions, there is a cost in terms of the up front tax concessions for superannuation, which is foregone revenue.¹⁹ In February 2004, the Treasurer also announced measures to broaden the availability of superannuation and make it more adaptable to changing work arrangements, provide more choices in financing retirement income and improve the integrity of the system:
- ... to allow people to access their superannuation from preservation age as an income stream. This will allow people to take advantage of opportunities to work part time and supplement their income with their superannuation.²⁰

16 Department of Family and Community Services (2003) *Patterns of economic and social participation among FaCS customers*, prepared by Saunders P, Brown J & Eardley T, Social Policy Research Centre, University of NSW; Policy Research Paper No. 19, p. viii.

17 Mission Australia, *Submission No. 104*, pp. 14-15.

18 Australian Government, 2004, *A more flexible and adaptable retirement income system* Released by The Treasurer on 25 February 2004

19 Mr David Tune, General Manager, Social Policy Division, Treasury, *Transcript of Evidence*, 8 October 2003, p. 7.

20 Address by the Hon Peter Costello MP Treasurer, *Australia’s Demographic Challenges*, 25 February 2004, pp. 6-7.

5.21 FaCS stressed that Australia is having difficulty in retaining people in the workforce until retirement age and that this is perhaps a more urgent problem than what happens to people who are over the retirement age.²¹ Mature age people who go onto income support very quickly undergo an attitudinal change to believe that they have taken early retirement on income support.²² Treasury commented that:

OECD research has shown that it is more difficult to reverse retirement decisions, once taken, than it is to encourage people still in employment to delay retirement (OECD 2003). Those most weakly 'attached' to the labour force tend to be more likely to initiate early retirement before age 65.²³

5.22 Treasury suggested that if the workplace relations system provides more flexibility, mature age workers will have an option of staying in the labour force longer and being able to work part-time before retiring.²⁴ The Pension Bonus Scheme has been introduced as an incentive for those who delay their retirement beyond the age of 65. Up until 31 December 2003, 60 509 people had registered for this scheme.²⁵ The Queensland Government stated that flexible work arrangements (such as flexible work hours, part-time employment, leave purchasing and part-year employment) and access to gradual exit from paid work are important to retaining older workers.²⁶

5.23 There are a number of strategies in various submissions that may assist in encouraging mature age workers to remain in the workforce and these have been combined in the following list:

- greater flexibility in the choice of work options. This may include flexibility in hours of work and modification of work environments and tasks to be more responsive to the needs of older workers;
- greater utilisation of the experience and skills of older workers' mentoring or supervisory role, with less physical tasks and succession planning;
- addressing internal cultural barriers to older workers;

21 Dr Pamela Kinnear, Acting Director, Coordination and Research, Department of Family and Community Services, *Transcript of Evidence*, 26 November 2003, p. 14.

22 Mr Bruce Smith, Assistant Secretary, Welfare Reform Task Force, Department of Family and Community Services, *Transcript of Evidence*, 26 November 2003, p. 14

23 Treasury, *Submission No. 73*, p. 4 citing OECD, 2003, *Employment Outlook 2003*, Paris.

24 Treasury, *Submission No. 73*, p. 10.

25 Department of Family and Community Services, *Supplementary Submission No. 99b*, p. 1.

26 Queensland Government, *Submission No. 87*, p. 19.

- publishing benefits and success stories;
 - addressing disincentives such as superannuation, age pension and taxation arrangements; improved redundancy payments and protection of employee entitlements;
 - transition processes from full-time employment to retirement, or employment services;
 - removing barriers to the employment of part-time and casual workers from industrial awards and arrangements;
 - an education campaign to change community attitudes; and
 - access to guidance about retraining needs and options, and vocational education.²⁷
- 5.24 In order to highlight the benefits to the individual and the economy, the *A more flexible and adaptable retirement income system* publication in 2004 outlined the impact of increased workforce participation on retirement incomes. Treasury also commented on the costs to the Government in terms of tax concessions for superannuation and through aged pensions.²⁸
- 5.25 In situations where a worker develops an age related illness and cannot undertake a full range of duties, there could be a register of workers which records their particular skills, and jobs that might provide alternative positions for those who need to change to a different type of role to assist in making a skills match.²⁹
- 5.26 Council on the Ageing (NSW) (COTA NSW) would like to see the introduction of services to people in mid-life similar to those provided by the Pre-Retirement Association in the United Kingdom.³⁰ These include financial planning, professional training, business services, research advocacy and a focus on literacy and numeracy skills and retraining for mature age people seeking employment.³¹

27 Australian Industry Group, *Submission No. 64*, p. 2; Australia Council of Trade Unions, *Submission No. 69*, pp. 14-15; Ms Colleen Cartwright, Senior Research Fellow, Australasian Centre on Ageing, University of Queensland, *Transcript of Evidence*, 6 February 2004, p. 42; Central Western Regional Development Board, *Submission No. 46*, pp. 4-5; Australasian Centre on Ageing, *Submission No. 91*, p. 2; Tasmanian Government, *Submission No. 102*, p. 14; Thuringowa City Council, *Submission No. 83*, p. 3.

28 Mr David Tune, General Manager, Social Policy Division, Treasury, *Transcript of Evidence*, 8 October 2003, p. 3.

29 Ms M Mulheran *Submission No. 11*, pp. 1-2

30 Council on the Ageing (NSW), *Submission No. 38*, p. 1.

31 Council on the Ageing (NSW), *Submission No. 38*, p. 1.

5.27 COTA NSP called for assistance for mature age people who have been retrenched but do not qualify for Australian Government assistance. These people may have had one job for many years or may have been absent from the labour market in caring roles and may be unaware of the recruitment process.³² Further, COTA NSP believes that:

Job Network could offer a better and more relevant service to mature age job seekers if there was better understanding of the characteristics and needs of this group including the diversity of needs and circumstances of people within it. A service environment in Job Network which was more in tune with the needs of an ageing workforce could assist in improving confidence in the service and usage rates. This in turn could assist in preventing long term unemployment and improving mature age labour force participation.³³

5.28 The Committee notes the evidence that indicates the earlier that assistance can be provided to mature age workers, the better the chance of re-entering the workforce, for example after redundancy. Job Search training and programs within Intensive Support that address language and literacy, or personal obstacles could be of significant value as soon as mature age workers register as job seekers. This would reduce the likelihood that they would then require income support.

Recommendation 8

The Committee recommends that the Australian Government extend eligibility for Intensive Support assistance to mature age workers (who are not on income support and who meet the asset and income tests) who are assessed as being at risk of long-term unemployment.

5.29 Allowing phased-in retirement or gradual exit from paid work may give mature age workers the option for staying in the labour force longer. Ensuring that superannuation and other industrial arrangements, such as awards, support part-time and casual employment would benefit mature age workers. This would also support others wishing to enter the labour force on a less than permanent or full-time basis.

32 Council on the Ageing National Seniors Partnership, *Submission No. 86*, p. 10.

33 Council on the Ageing National Seniors Partnership, *Submission No. 86*, p. 11.

- 5.30 Some evidence was received around constraints in industrial awards to part-time and casual employment. The Committee notes the diversity of views in the area of industrial relations reform, and dissented along party lines to proposed changes to awards.

Recommendation 9

The Committee recommends that the Australian Government examine mechanisms to remove barriers to the employment of part-time and casual employment in industrial awards and other industrial arrangements.

Changing attitudes around mature age workers

- 5.31 Studies have shown that age discrimination is a primary factor in the limitation of employment, training opportunities and conditions of employment of mature age workers.³⁴ A number of submissions referred to the need to change the attitudes in both the workplace and the community and information on the benefits of employing mature age job seekers.³⁵
- 5.32 The experience of COTA NSW was that there was little information in the workforce and in industry about the issues related to the ageing of the population.³⁶ COTA (NSW) would also like to see the introduction of forums to educate employers on population ageing, age discrimination and human resource issues that are relevant to mature age workers.³⁷
- 5.33 COTA (NSW) called for effective, meaningful legislation against age discrimination.³⁸ The ACTU and the Queensland Government suggested

34 Socially Sustainable Health Research Centre, University of Adelaide, *Submission No. 22*, p. 3; Newell S and Robinson D (1999) *Age Matters? A discussion paper on age discrimination*, Human Rights and Equal Opportunity Commission, Sydney.

35 Australasian Centre on Ageing, *Submission No. 91*, p. 3; Professor Helen Bartlett, Director, Australasian Centre on Ageing, University of Queensland, *Transcript of Evidence*, 6 February 2004, p. 36; Business Council of Australia, *Submission No. 54*, p. 1; Mission Australia, *Submission No. 104*, p. 15; Mr David Deans, Joint Chief Executive, Councils on the Ageing National Seniors Partnership, *Transcript of Evidence*, 19 March 2004, p. 21.

36 Mr David Deans, Joint Chief Executive, Councils on the Ageing National Seniors Partnership, *Transcript of Evidence*, 19 March 2004, p. 22.

37 Council on the Ageing (NSW), *Submission No. 38*, p. 2.

38 Council on the Ageing (NSW), *Submission No. 38*, p. 1.

that a public education campaign should be introduced to increase awareness of the Commonwealth Age Discrimination legislation.³⁹ The Queensland Government added that there needs to be a proactive monitoring of discrimination as legislation has a minimal impact on employer attitudes.⁴⁰ It was also suggested that the legislation may promote 'covert and insidious' discrimination if not adequately supported with other strategies.⁴¹

- 5.34 COTA (NSW) suggested the Employers Forum on Age in the United Kingdom as a model for Australian employer groups in supporting member organisations in the management of skills and age mixes of the workforce. This would assist in the removal of barriers to achieving an age-balanced workforce and provide information to employers on the benefits of a mixed age workforce.⁴²
- 5.35 The Australasian Centre on Ageing is looking at community development approaches which help to increase the knowledge and understanding of key leaders in the community of ageing issues.⁴³ DEST has been working with industry groups on targeting mature age workers as a potential workforce given the demographics.⁴⁴
- 5.36 Certainly employers in business have a role to play in that as well in rethinking their approaches to their older workforce and not seeing them as being of less worth than people of younger ages. Many of the business peak groups are now beginning to activate around this issue. They recognise the challenge they will face with a reducing labour supply. Those that are better able to cope with the diversity of their labour forces will be those that are more successful in the medium term.⁴⁵
- 5.37 Dr Kay Price stated that:

Participation in paid work relates not only to the individual whom we are trying to get participating but also to how ageing is valued

39 Australia Council of Trade Unions, *Submission No. 69*, p. 14.

40 Queensland Government, *Submission No. 87*, p. 19.

41 Socially Sustainable Health Research Centre, University of Adelaide, *Submission No. 22*, p. 4; Council on the Ageing (1999) *Age Discrimination: Response to the Human Rights and Equal Opportunity Commission Age Matters? A Discussion Paper on Age Discrimination*, COTA.

42 Council on the Ageing (NSW), *Submission No. 38*, p. 1.

43 Professor Helen Bartlett, Director, Australasian Centre on Ageing, University of Queensland, *Transcript of Evidence*, 6 February 2004, p. 41.

44 Ms Mary Johnston, Branch Manager, Industry Training Branch, Department of Education, Science and Training, *Transcript of Evidence*, 11 February 2004, p. 8.

45 Ms Serena Wilson, Executive Director, Welfare Reform, Department of Family and Community Services, *Transcript of Evidence*, 26 November 2003, p. 14.

in our society. We are talking here about mature age people who are unemployed and whom we are trying to get back into the work force. Acts and legislation have actually been set up with an ageist attitude - not knowingly or purposely - which has created an ageist response to encouraging people who are older to work and to getting them into paid employment.⁴⁶

- 5.38 An attitudinal change is necessary, which can only be achieved through informed discussion with and education of the public. Even in situations where a mature aged person is qualified, depending on the type of work being done, the occupational health and safety acts can work against them.⁴⁷
- 5.39 Dr Price believes that the problem is the way that the legislation is read. The requirement is that the employer cannot put someone at risk in a position where there is a likelihood of an injury. The perception in society is that people functionally decline as they age, which may mean that the legislation is read in an ageist way. It is the way that it is interpreted rather than the way it is written which is creating an ageist outcome. Some employers have addressed the issue by making different insurance arrangement such as personal insurance.⁴⁸

Employer's perspective

- 5.40 While research has shown that there is not a link between age and declining job performance, there is a common employer perception that older workers are less productive than younger workers.⁴⁹ Figure 5.1 indicates the preferred age group when recruiting employees. Employers still hold negative stereotypes of older employees in relation to illness and injury, their lack of computer skills, poor workplace culture fit, poor interview skills, inadequate personal skills and poor presentation skills, deteriorating mental and physical abilities, unwillingness to retrain, and lack of flexibility. In addition, many employees believe older workers should retire to make way for younger workers.⁵⁰

46 Dr Kay Price, Key Research, Senior Lecturer, School of Nursing and Midwifery, University of South Australia, *Transcript of Evidence*, 18 March 2004, p. 12.

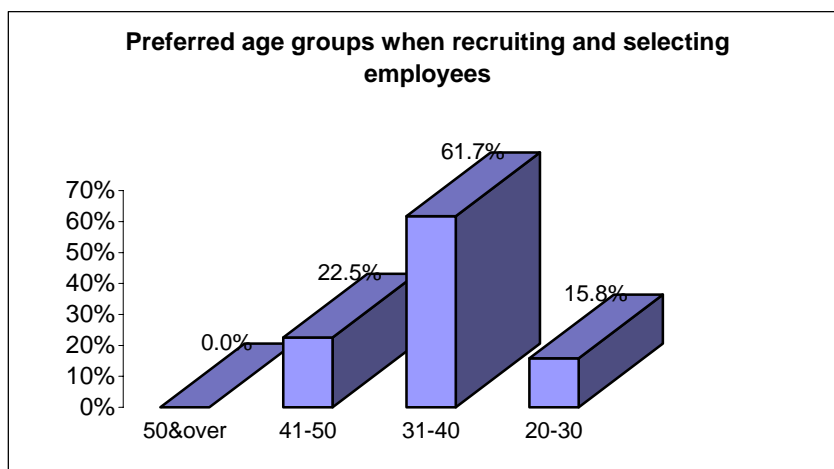
47 Dr Kay Price, Key Research, Senior Lecturer, School of Nursing and Midwifery, University of South Australia, *Transcript of Evidence*, 18 March 2004, pp. 12, 17.

48 Dr Kay Price, Key Research, Senior Lecturer, School of Nursing and Midwifery, University of South Australia, *Transcript of Evidence*, 18 March 2004, pp. 14-15.

49 Council on the Ageing National Seniors Partnership, *Submission No. 86*, p. 5.

50 Recruitment and Consulting Services Association Ltd, *Submission No. 31*, p. 9; Cameron F, 'Half Full?', *HR Monthly*, June 2002, pp. 17-21.

Figure 5.1 Preferred age group when recruiting and selecting employees



Source Drake Personnel Limited, 1999 *Age Discrimination is alive and well*, Submission to the House of Representatives Standing Committee on Employment Education and Workplace Relations Inquiry into issues specific to workers over 45 years, *Submission 165*, pp. 2-3.

5.41 A study by Drake Personnel also showed that in recent decades, retrenchments have largely been in the 50 and over age group.⁵¹ SDAEA commented that employers need to be encouraged to be more open to the employment of mature age workers, as many older people wish to continue working and need to be able to find rewarding employment.⁵²

Companies have gone from problems of not being able to get rid of older workers because of changes to discrimination laws to now being confronted by the issue that they need to harness them better.⁵³

5.42 ACCI agreed that there are attitudinal issues within the employer community that need to be addressed.⁵⁴ RCSA suggested an information campaign for employers on the value and importance of employing mature age workers.⁵⁵ ACCI added that the situation has improved and

51 Drake Personnel Limited (1999) *Age Discrimination is alive and well*, Submission to the House of Representatives Standing Committee on Employment Education and Workplace Relations Inquiry into issues specific to workers over 45 years, *Submission 165*, pp. 2-3.

52 Shop Distributive and Allied Employee's Association, *Submission No. 79*, p. 67.

53 Mrs Heather Ridout, Deputy Chief Executive Officer, Australian Industry Group, *Transcript of Evidence*, 27 January 2004, p. 11.

54 Mr Peter Anderson, Director, Workplace Policy, Australian Chamber of Commerce and Industry, *Transcript of Evidence*, 5 November 2003, p. 6; see also Ms M Mulheran *Submission No. 11*, p. 1; Mr Geoff Cripps, *Submission No. 5*, p. 2.

55 Recruitment and Consulting Services Association Ltd, *Submission No. 31*, p. 9.

more mature age people are staying in the workforce, but that more can be done.

The approaches and attitudes that you find in employers that may present some barriers to people coming into or remaining in the work force for longer are reflective of some of the approaches in our community generally towards ageing and the aged.⁵⁶

5.43 COTA NSP believes that:

... there are no certainties for the future in regard to an improvement in employment opportunities for older workers. Stereotypical attitudes and discriminatory practices are likely to persist for many years. In addition, ongoing economic restructuring will continue to pose very significant challenges for older workers.⁵⁷

5.44 Further, older workers can tend to draw attention to their real or perceived weaknesses associated with ageing and therefore tend to self-discriminate.⁵⁸

Training

5.45 Australia has relatively high levels of people in the over 40 age group who are participating in training relative to other OECD countries.⁵⁹ COTA NSP added that an investment in training lasts six years and that it is better for the employer to train the 55 year old who is going to stay in the workforce until age 65 years than a young person who will leave within 2 years.⁶⁰

5.46 Westpac noted that mature age workers' training is effective if appropriately designed for the individual.⁶¹ This is a diverse group and many program options are needed to engage the target group in learning.

56 Mr Peter Anderson, Director, Workplace Policy, Australian Chamber of Commerce and Industry, *Transcript of Evidence*, 5 November 2003, p. 6.

57 Council on the Ageing National Seniors Partnership, *Submission No. 86*, pp. 3-4.

58 Recruitment and Consulting Services Association Ltd, *Submission No. 31*, p. 9; Equal Opportunity Commissions of Victoria *et al* (2000) *Age Limits: Age-related Discrimination in Employment Affecting Workers over 45*.

59 Ms Jessie Borthwick, Group Manager, Department of Education, Science and Training, *Transcript of Evidence*, 11 February 2004, p. 17.

60 Mr David Deans, Joint Chief Executive, Councils on the Ageing National Seniors Partnership, *Transcript of Evidence*, 19 March 2004, pp. 24-25.

61 Westpac Banking Corporation, *Submission No. 97*, p. 7.

Many in the target group may need personalised support to overcome barriers to learning initially.⁶²

- 5.47 COTA NSP referred to the mismatch between skills and available employment that has occurred with the economic restructuring across Australia.

Training and skill development are rated very highly by mature age people in terms of what they believe would help them most get a job. However, affordability and availability of courses as well as linkages to real job opportunities are the issues for many people. Flexibility and articulation into the national training system are critical.⁶³

- 5.48 Westpac commented that the classroom scenario may not be suited to mature age workers and there is a need to look at what sort of development is appropriate and how this can be delivered.⁶⁴

- 5.49 ACCI commented that:

...policy makers need to ensure that there are structures in place for re-skilling and retraining so that people who are displaced in the labour market at a relatively middle or mature age have the capacity to come back into the labour market. It is not realistic to think that in a dynamic labour market people can move back into the same job that they had previously, but there is great productive capacity remaining in people if they are moved quickly into programs of assistance that will help improve and increase skills.⁶⁵

- 5.50 There has been a substantial increase in the number of people over the age of 40 who are unemployed, looking for career changes and enrolling in university. This has had an impact on the educational strategies used to ensure that flexible approaches to learning are continuously developed.⁶⁶

62 Gelade S, Catts R and Gerber R, 2003 *Securing Success Good practice in training people aged 45 and over who are disadvantaged in the labour market*, Prepared by the Workplace Education Research Consortium, University of New England, Armidale for the Australian Government Department of Education, Science and Training, p. ix.

63 Council on the Ageing National Seniors Partnership, *Submission No. 86*, p. 7.

64 Ms Ilana Atlas, Group Executive, People and Performance, Westpac Banking Corporation, *Transcript of Evidence*, 3 March 2004, p. 3.

65 Mr Peter Anderson, Director, Workplace Policy, Australian Chamber of Commerce and Industry, *Transcript of Evidence*, 5 November 2003, p. 6.

66 Professor Helen Bartlett, Director, Australasian Centre on Ageing, University of Queensland, *Transcript of Evidence*, 6 February 2004, p. 35; and Socially Sustainable Health Research Centre, University of Adelaide, *Submission No. 22*, p. 5.

- 5.51 On the other hand, the cost and time associated with undertaking a VET course and the anticipated length of working life were also issues and was perceived as an unattainable goal for mature age people. Mature age workers expressed concern over the need to attain formal qualifications and many were suspicious of the extent to which employers valued qualifications.⁶⁷ Mature age people will need a guarantee of employment to make the investment in retraining.⁶⁸
- 5.52 ACTU supports a campaign on the benefits of retraining and employing workers over 45 years and supports life long learning to keep skills up to date.⁶⁹ There are also issues for mature age workers in financing their VET, particularly those who are unemployed or marginally attached to the labour force.⁷⁰
- 5.53 Dr Kay Price found that for unemployed people the cost of undertaking VET courses was an impediment, while Higher Education Contribution Scheme (HECS) fees for university can be payed off at the completion of the course when a certain income is reached.⁷¹
- 5.54 In situations where the occupational health and safety legislation requires specific qualifications to ensure adequate skills levels, the costs of undertaking a VET course can preclude people from that position.
- Up front fee regimes in Australian VET are poor policy, for both economic and social reasons. Attention should be given to moving VET charging mechanisms more towards income-contingent repayment, which means centralizing the collection of charges through the Australian Taxation Office.⁷²
- 5.55 Mature age people may need smaller steps as they may not have the self-confidence to go to university. There is also a linear perspective where mature age people believe that because they have a university degree, to undertake VET courses is going back.⁷³

67 Socially Sustainable Health Research Centre, University of Adelaide, *Submission No. 22*, pp. 3-4.

68 Ms Patricia Reeve, Director, National Policy Secretariat, Councils on the Ageing National Seniors Partnership, *Transcript of Evidence*, 19 March 2004, p. 29.

69 Australia Council of Trade Unions, *Submission No. 69*, p. 14.

70 Socially Sustainable Health Research Centre, University of Adelaide, *Submission No. 22*, p. 5.

71 Dr Kay Price, Key Research, Senior Lecturer, School of Nursing and Midwifery, University of South Australia, *Transcript of Evidence*, 18 March 2004, p. 14.

72 Chapman B (1998) 'An economic primer to government's role in VET', in *The market for vocational education and training*, C Robinson and R Kenyon (eds), National Centre for Vocational Research, pp. 35-41, 47.

73 Dr Kay Price, Key Research, Senior Lecturer, School of Nursing and Midwifery, University of South Australia, *Transcript of Evidence*, 18 March 2004, p. 15.

- 5.56 COTA NSP referred to the mismatch of skills and employment opportunities that has occurred with the economic restructuring across Australia.⁷⁴ COTA NSP listed a number of strategies to match skills to job opportunities for mature age people including:
- Flexible subsidies for mature age people to take up relevant training for local job opportunities;
 - Training needs to articulate with and accredited into the national training system;
 - Support for a culture of lifelong learning in Australia to encompass people in work;
 - ⇒ Developing an explicit policy of education for older adults;
 - ⇒ Reducing barriers to existing education and training opportunities for older adults such as costs, time and location;
 - ⇒ Providing incentives for the education and training of older adults in the workplace;
 - ⇒ Extending community and internet-based learning options;
 - ⇒ Fostering the development of methodologies for the learning of older adults;
 - ⇒ A national policy framework for adult learning as recommended by Adult Learning Australia; and
 - The Basic IT Enabling Skills program (BITES) for older workers be extended to any job seeker over the age of 45 whether on benefits or not.⁷⁵
- 5.57 The Tasmanian Government added that implementing a lifelong learning policy is practical and beneficial.⁷⁶ People need to be made aware that they may have more than one career path before retirement and should undertake ongoing re-education and re-skilling in their working lifetimes.⁷⁷
- 5.58 Some of the evidence stated discussed discrimination against older workers by younger recruitment consultants. RCSA stated:
- ... educating our industry and consultants regarding the capabilities and value of mature employees is considered an essential part of our ongoing information and training program

74 Council on the Ageing National Seniors Partnership, *Submission No. 86*, p. 7.

75 Council on the Ageing National Seniors Partnership, *Submission No. 86*, p. 8; <<http://www.det.nse.edu.au/bites/welcome.htm>>

76 Tasmanian Government, *Submission No. 102*, p. 16.

77 Mr J Cleary, *Submission No. 26*, p. 2.

[for members of the association responsible for onhire, recruitment and consulting services].⁷⁸

5.59 RCSA added that

... a number of our [association] members are ensuring they are re-engaging older consultants to [assess job seekers].⁷⁹

5.60 RCSA also explained that the fourth arm of the association – career transition employment consultants – is working to develop better models to identify skills, and putting people with those skills in the right context for moving forward.⁸⁰

5.61 The Transition to Work program provides assistance to the individuals to enter paid employment and is used by parents, mature age people and carers. The Transition to Work program provides assistance to the individual to build self-esteem and confidence and improve the prospects of entering paid employment through assessment, skills training and support.⁸¹ It was suggested that this program should be extended.⁸²

5.62 The Transition to Work program is mainly available to job seekers who are starting work for the first time, or have been out of the workforce for over two years, and are generally not receiving income support. The Committee notes the possible benefits of this program for those that may have been out of the workforce for a shorter time and experience specific disadvantages.

Recommendation 10

The Committee recommends that the Australian Government extend the Transition to Work Program to those who have been out of work for less than 2 years, where they are deemed to face special disadvantage and it is considered that this program could be beneficial to the facilitation of their return to paid work.

78 Recruitment and Consulting Services Association, *Submission No. 31*, p. 10.

79 Ms Julie Mills, Chief Executive Officer, Recruitment and Consulting Services Association Ltd, *Transcript of Evidence*, 19 March 2004, p. 7.

80 Ms Julie Mills, Chief Executive Officer, Recruitment and Consulting Services Association Ltd, *Transcript of Evidence*, 19 March 2004, p. 8.

81 Department of Employment and Workplace Relations, *Submission No. 72*, p. 9.

82 Carers Australia, *Submission No. 30*, p. 7; see also Australian Council of Social Service, *Submission No. 74*, p. 5.

- 5.63 The Committee notes that mature age apprenticeships are an important strategy in increasing participation for older workers. Recognition of Prior Learning (RPL) and mature age apprenticeships are discussed further as part of the youth strategies and apprenticeships section later in this chapter.

Parents and carers

- 5.64 Supporting and encouraging parents to take up employment or return to work does not have a single solution. The barriers to employment faced by parents include financial disincentives, including the income support arrangements and the taxation system; the lack of family friendly work practices in some environments and the need for greater flexibility in workplace and work practices; improved childcare; and training opportunities.

Family friendly workplaces

- 5.65 Treasury believes that family friendly workplaces will have an impact on the participation levels of married women and sole parents.⁸³ There are benefits for employers in attracting and maintaining the participation of parents in the labour market, and some difficulties can be assisted by employers.⁸⁴ There are issues such as paid parental leave, the availability of quality childcare, after-school care and vacation care for older children which would be an impediment to sole parents' participation in the workforce.⁸⁵
- 5.66 AIG suggested that the current award provisions need to be reviewed to create more options for parents as part of the existing leave entitlements and by agreement with the employers.⁸⁶ ACCI made the point that these

83 Mr David Tune, General Manager, Social Policy Division, Treasury, *Transcript of Evidence*, 8 October 2003, p. 5. Includes those also in de-facto relationships.

84 Mr Peter Anderson, Director, Workplace Policy, Australian Chamber of Commerce and Industry, *Transcript of Evidence*, 5 November 2003, p. 10.

85 Mr David Thompson, Principal Policy Adviser, office of Employment, Education and Training, Australian Council of Social Service, *Transcript of Evidence*, 28 January 2004, p. 8.

86 Mrs Heather Ridout, Deputy Chief Executive Officer, Australian Industry Group, *Transcript of Evidence*, 27 January 2004, p. 8.

circumstances cannot be translated to all businesses and will not apply equally to others.

If you impose these types of obligations on employers on a one-size-fits-all basis, on an across-the-economy basis, you are going to increase labour costs in a way that is detrimental to the operation of the labour market.⁸⁷

- 5.67 AIG do not suggest that this be adopted as a universal approach but that the institutional constraints be removed so that the individual employer could bargain with their workforce.⁸⁸ For example, greater flexibility may mean more part-time workers for full-time equivalents and this may increase training and some labour costs.⁸⁹

Childcare

- 5.68 Treasury believes that participation by women may be assisted by adequate and affordable childcare.⁹⁰ In July 2000 the Child Care Benefit was introduced as part of the New Tax System and the Government is also looking at innovative childcare options for rural and regional communities where the usual models of care are not appropriate or unavailable.⁹¹ The Central Western Regional Development Board and Barossa Light Development Inc saw the high cost and limited availability of childcare facilities as a concern.⁹² There is a need to address the areas that are not attractive to private operators such as the care of very young children.⁹³
- 5.69 SDAEA argue that affordable, high quality childcare should be centre to family friendly policy.⁹⁴ Manpower Services Australia believes that the challenge is that the cost of childcare does not offset the reasons for taking

87 Mr Peter Anderson, Director, Workplace Policy, Australian Chamber of Commerce and Industry, *Transcript of Evidence*, 5 November 2003, p. 10.

88 Dr Peter Burn, Senior National Advisor, Economic and Industry Policy, Australian Industry Group, *Transcript of Evidence*, 27 January 2004, p. 11.

89 Mr Ross Miller, Business Unit Consultant, People and Performance, Westpac Banking Corporation, *Transcript of Evidence*, 3 March 2004, p. 6.

90 Mr David Tune, General Manager, Social Policy Division, Treasury, *Transcript of Evidence*, 8 October 2003, p. 5; see also Queensland Government, *Submission No. 87*, p. 14; St Vincent de Paul Society National Council, *Submission No. 98*, p. 16.

91 Department of Family and Community Services, *Submission No. 99*, p. 21.

92 Central Western Regional Development Board, *Submission No. 46*, p. 2; Barossa Light Development Inc, *Submission No. 49*, p. 2.

93 Ms Lyn Fraser, Research Officer, United Services Union, *Transcript of Evidence*, 12 March 2003, p. 40.

94 Shop Distributive and Allied Employee's Association, *Submission No. 79*, p. 5.

part-time employment.⁹⁵ Manpower suggests that fringe benefit tax exemptions should apply to all childcare and not only to employer owned childcare facilities.⁹⁶

5.70 ACOSS told the Committee that the childcare benefit has not kept pace with increases in childcare costs. The success of the job education training program for sole parents, which has a childcare subsidy component, was also noted.⁹⁷

5.71 The Committee notes the difficulties that many parents face in finding affordable, quality childcare, especially for very young children. The Committee recognizes changes to the childcare benefit that commenced on 1 January 2005, but still believes that other strategies need to be pursued to support parents and carers participating in the workforce. Additionally once children start school, outside school hours support is required.

Recommendation 11

The Committee recommends that the Australian Government report on opportunities for government and employers to expand and improve current childcare assistance provisions and facilities for After School Care and Holiday Care programs.

5.72 There have been recent proposals to assist job seekers in relocating by using fringe benefit tax (FBT) exemptions. The Committee considers the use of FBT exemptions to enable parents to work should also be pursued, not only for when the employer organises the service on their business premises.⁹⁸

95 Ms Victoria Nock, General Manager, Marketing and Knowledge, Manpower Services Australia, *Transcript of Evidence*, 28 January 2004, p. 21.

96 Manpower Services (Australia) Pty Ltd, *Submission No. 78*, p. 7.

97 Mr Philip O'Donoghue, Acting Director, Australian Council of Social Service, *Transcript of Evidence*, 28 January 2004, p. 8.

98 Treasury, *Submission No. 73b*, p. 2.

Recommendation 12

The Committee recommends that the Australian Government introduce Fringe Benefits Tax exemption for childcare services.

5.73 Participation requirements have been introduced following Australians Working Together for parents with a child aged 13 or over, currently the high school age. Depending on the success of this initiative there may be scope to lower the age for participation. CIS advocated increasing the participation requirements for parents once their youngest child starts school.

Basically, on single parents the proposal is that we should follow almost the whole of the rest of the developed Western world and expect single parents to go to work part time once their youngest child goes to school, which is what virtually every other country does.⁹⁹

5.74 However, there is resistance to such an approach as the Women's Action Alliance indicated:

Sole parents and others who have disabilities, who are caring for young children or someone else who needs constant attention should not be expected to look for paid work. The degree to which their caring responsibilities reduce their availability for paid work must be recognised. Broadly we would say sole parents should not be required to seek paid employment while they have dependent children. As a minimum we would say while they have school aged children.¹⁰⁰

5.75 The introduction of participation requirements for parents with children over 13 years commenced late in 2003. Evaluation of the effectiveness of these measures would assist in determining the success of their application and for possible future broader implementation. DEWR advised the Committee that evaluations of the participation requirements were not complete, but early signs indicate a positive improvement.¹⁰¹

99 Professor Peter Saunders, Social Research Director, Centre for Independent Studies, *Transcript of Evidence*, 27 January 2004, p. 42.

100 Women's Action Alliance, *Submission No. 88*, p. 4.

101 Mr Chris Foster, Acting Group Manager, Research, Evaluation and Legislation Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 February 2005, p. 15.

Recommendation 13

The Committee recommends that the Australian Government review strategies for encouraging increased participation for Parenting Payment recipients.

5.76 Carers Australia commented on the need for the social security system to be tailored to support carers so that they can remain in the workforce. Carers payments are withdrawn if the carer undertakes more than 20 hours work or study and this can limit the options available for carers to participate. Carers Australia believes that the 20 hour restriction should be removed to encourage young people to combine study or paid work with their caring responsibilities to enhance their future employment prospects.¹⁰²

For young carers, who are aged 26 and under and comprise a particularly vulnerable group, the 20 hours per week limit is a strong deterrent in undertaking training or work. ABS statistics indicate that approximately 60 per cent of young primary carers 15-25 years are unemployed or not in the workforce and only 4 per cent are in school or training. They are often found in sole parent families and it appears they often provide care because they are the only ones available to fulfil this role at home and often have little choice.¹⁰³

5.77 Carers Australia argued that social security provision should include supplementary income support that enables the carers to be economically productive while maintaining their own wellbeing while they save the government and their families the costs of residential care and full income support payments. The main disincentive for carers seeking employment, however, is the lack of alternative care for the person needing care.¹⁰⁴

5.78 The Committee notes that carers have a clear need for greater access to respite care. Given the implications of the ageing population this is an area which has been the subject of a recent inquiry by the House of Representatives Standing Committee on Health and Ageing. The report *Future Ageing: Report on a draft report of the 40th Parliament: Inquiry into long-*

102 Carers Australia, *Submission No. 30*, pp. 5-7.

103 Carers Australia, *Submission No. 30*, p. 6.

104 Carers Australia, *Submission No. 30*, p. 6.

term strategies to address the ageing of the Australian population over the next 40 years was tabled in March 2005.

Indigenous Australians

5.79 The Productivity Commission report on the review of government service provision to Aboriginal and Torres Strait Islander peoples *Overcoming Indigenous Disadvantage: key indicators 2003* highlights the range of barriers and disadvantages that many Indigenous people face.¹⁰⁵ The report identifies strategic areas for action which have the potential to reduce Indigenous disadvantage. These areas are broad but have significant implications for the ability for Indigenous people to develop skills and capacity to participate economically. The areas of action include:

- early childhood development and growth;
- early school engagement and performance;
- positive childhood and transition to adulthood;
- reducing the incidence of substance abuse and misuse;
- functional and resilient families and communities;
- effective environmental health systems; and
- economic participation and development.¹⁰⁶

5.80 *Overcoming Indigenous Disadvantage* also identified the need for more comprehensive data on many of these areas. To assist with addressing employment participation there was a need to collect better income, education and employment data, including CDEP participation.¹⁰⁷ The *National and Aboriginal and Torres Strait Islander Social Survey 2002* (released in June 2004) goes some way to addressing the data deficiencies.¹⁰⁸

105 Steering Committee for the Review of Government Service Provision, 2003, *Overcoming Indigenous Disadvantage: key indicators 2003*, Productivity Commission, Canberra.

106 Steering Committee for the Review of Government Service Provision, 2003, *Overcoming Indigenous Disadvantage: key indicators 2003*, Productivity Commission, Canberra, pp. xxxiv-xxxv.

107 Steering Committee for the Review of Government Service Provision, 2003, *Overcoming Indigenous Disadvantage: key indicators 2003*, Productivity Commission, Canberra, p. iii.

108 Australian Bureau of Statistics, 2004, *National and Aboriginal and Torres Strait Islander Social Survey 2002* (Cat. No. 4714.0), p. 3.

- 5.81 Also in June 2004, the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs released a report entitled *Many Ways Forward: Report of the inquiry into capacity building and service delivery in Indigenous communities* which covers many of the barriers facing Indigenous people. The Committee refers the reader to that report and will not repeat the material in this report.
- 5.82 Examples of programs for Indigenous people that have been developed through coordinating Australian, State and Territory and local government authorities with communities include:
- Community Participation Agreements: It is intended that CPAs will operate in around 100 remote Indigenous communities and will involve the community in identifying practical ways people can contribute to their families and communities in return for their income support.¹⁰⁹
 - Reconnect: young Indigenous people's access to support programs to improve their educational and employment outcomes is required. The Reconnect Program is an early intervention program for young people aged 12-18 years who are homeless or at risk of homelessness, and their families, to improve the level of engagement of these young people with family, work, education, training and community. Fourteen of 98 services are Indigenous specific.¹¹⁰
- 5.83 FaCS also noted that complementary strategies which address structural or systemic issues such as low educational attainment, poor health, nutrition and housing standards and a lack of infrastructure such as banking, services, communication and transport are also necessary in addressing increasing participation in paid employment. These issues need new and innovative approaches to community capacity building. Some of the current FaCS initiatives which aim to address these issues include the Family Income Management project, a two year project based in three Cape York Indigenous communities, which attempts to maximise social and economic outcomes by improving management of family-group pooled income.¹¹¹
- 5.84 FaCS is also involved in the Indigenous Communities Coordination Taskforce. FaCS is working with DEWR and the Wadeye community to develop a 'local people for local jobs' employment strategy, and is also

109 Department of Family and Community Services, *Submission No. 99*, p. 25.

110 Department of Family and Community Services, *Submission No. 99a*, p. 4.

111 Department of Family and Community Services, *Submission No. 99*, p. 25.

working with other agencies to develop innovative participation pathways for Wadeye residents.¹¹²

- 5.85 The Committee notes that administration and policy responsibilities for Indigenous employment programs have been transferred to DEWR from December 2004.

Employment programs and projects

- 5.86 Structured Training and Employment Projects (STEP) is one of the components of the Indigenous Employment Policy that the Australian Government introduced in 1999. The major components of the policy were measures to improve the employment outcomes of Indigenous clients through Job Network, the Indigenous Employment Programme and the Indigenous Small Business Fund.¹¹³
- 5.87 STEP provides flexible financial funding for structured training and employment projects to Indigenous job seekers.¹¹⁴ Between July 1999 and 2003, nearly 19 000 Indigenous job seekers have gained access to accredited training and employment through STEP and the Corporate Leaders for Indigenous Employment Project.¹¹⁵ Funding for the self help program under STEP is being trialled in selected regions to promote self-employment.¹¹⁶
- 5.88 The Wages Assistance Program provides a wage subsidy to employers who employ eligible Indigenous job seekers and between July 1999 and 2003, has led over 8 600 Indigenous people into jobs.¹¹⁷
- 5.89 The Corporate Leaders for Indigenous Employment initiative is based on a partnership between the Australian Government and companies being

112 Department of Family and Community Services, *Submission No. 99*, p. 25.

113 Department of Employment and Workplace Relations, *Submission No. 72*, p. 13.

114 Department of Employment and Workplace Relations, *Submission No. 72*, p. 22.

115 Office of Aboriginal and Torres Strait Islander Affairs, 2003, 'Indigenous Employment and Economic Development', *Indigenous Issues, Fact Sheet Series, October 2003*, No. 9, p. 2, <<http://www.atsia.gov.au/atsia/facts/pdf/employment.pdf>>

116 Department of Employment and Workplace Relations, *Submission No. 72*, p. 22.

117 Office of Aboriginal and Torres Strait Islander Affairs, 2003, 'Indigenous Employment and Economic Development', *Indigenous Issues, Fact Sheet Series, October 2003*, No. 9, p. 2, <<http://www.atsia.gov.au/atsia/facts/pdf/employment.pdf>>

- encouraged to generating more jobs for Indigenous Australians.¹¹⁸ As at October 2003, 70 companies had signed up to this project.¹¹⁹
- 5.90 Indigenous Community Volunteers was established to assist Indigenous communities by supporting skills transfer projects such as business, finance and the trades that have lasting value.¹²⁰
- 5.91 The Indigenous Small Business Fund is to encourage the development of businesses owned, operated and managed by Indigenous Australians and to encourage sustained Indigenous employment opportunities.
- 5.92 In locations where the Active Participation Model does not apply, a fee-for-service model that is tailored to the needs of local communities and labour markets has been introduced. This model has particular application to remote areas where many Indigenous people live. An evaluation of the Indigenous Employment Policy highlighted the need for incentives to stimulate grassroots economic activity in those areas with limited employment opportunities. Both the Self-Help Programme (currently being trialled) and the Indigenous Capital Assistance Scheme (introduced in 2004), which include financial literacy and business skills training, are intended to promote business development and therefore increase employment opportunities.¹²¹
- 5.93 While significant numbers of Indigenous youth are being helped to gain employment through Job Network and the Indigenous Employment Programme, the evaluation found that more needs to be done to ensure they have the skills, job search techniques, confidence and motivation to benefit from strong economic growth. Initiatives to improve the school to work transition for Indigenous youth have been jointly developed and trialled with the Department of Education, Science and Training (DEST), including school-based traineeships and apprenticeships, allowing for the achievement of both academic and employment qualifications and linking Year 11 and 12 students to employment and further training and education.¹²²

118 Department of Employment and Workplace Relations, *Submission No. 72*, p. 22.

119 Office of Aboriginal and Torres Strait Islander Affairs, 2003, 'Indigenous Employment and Economic Development', *Indigenous Issues, Fact Sheet Series, October 2003*, No. 9, p. 2, <<http://www.atsia.gov.au/atsia/facts/pdf/employment.pdf>>

120 Department of Employment and Workplace Relations, *Submission No. 72*, p. 23.

121 Department of Employment and Workplace Relations, *Submission No. 72*, pp. 13-14. Refer to Attachment C of the DEWR submission for more detail on Indigenous programs.

122 Department of Employment and Workplace Relations, *Submission No. 72*, pp. 13-14.

5.94 The Australasian Institute of Mining and Metallurgy (AIMM) reported of the success in the Hamersley and Pilbara areas, in the iron ore areas of WA, of Indigenous training and employment programs by Rio Tinto. AIMM is working with the Indigenous community and local schools to encourage greater Indigenous participation in further training and apprenticeships:

... this very practical approach of encouraging Aboriginal school involvement through the high schools, and then training in apprenticeships and in professional areas was having some excellent effects.¹²³

Northern Australian programs

5.95 Other examples of government and community based programs to assist Indigenous people are the Indigenous Employment Policy for Queensland Government Building and Construction Contracts implemented by the Queensland Government in 2001. It is a direct response to the high unemployment rate of Indigenous Queenslanders and their comparatively low participation in VET, particularly in rural and remote locations.

The Policy applies to state government contracts for built and civil construction in the 32 Deed-of-Grant-in-Trust communities and the shires of Aurukun, Torres and Mornington. A minimum of 20 percent of the on-site construction labour force must comprise local Indigenous residents and half of this group must undertake approved training, which may include apprenticeships and traineeships.¹²⁴

5.96 Other Queensland initiatives include Indigenous Employment and Training Support Officers; the Aboriginal and Torres Strait Islander Public Sector Employment Development Unit, recruiting, training and retaining Indigenous staff in the Queensland public sector, the Community Jobs Plan and the Community Employment Assistance Program have had significant Indigenous involvement.¹²⁵

5.97 Mission Australia is supportive of increased education and training assistance through Australians Working Together. They commented that

123 Dr Ian Gould, President, Australasian Institute of Mining and Metallurgy, *Transcript of Evidence*, 19 March 2004, p. 12.

124 Queensland Government, *Submission No. 87*, pp. 12-13.

125 Queensland Government, *Submission No. 87*, p. 12.

the creation of Indigenous Employment Centres to offer work experience, job search support, access to job training and mentoring assistance is a positive development. Indigenous communities are recognising the leadership role they have in working towards economically sustainable business enterprises. Mission Australia strongly supports initiatives such as the Cape York Enterprise Partnership and would recommend the Australian Government foster further initiatives of this kind.¹²⁶

- 5.98 Under the Queensland Government's Indigenous Employment Policy, local Indigenous employees undertake 20 per cent of the labour hours in State Government Indigenous building and construction infrastructure projects in designated communities. Half of the local Indigenous employees recruited under this policy must undertake approved training, which may include apprenticeships and traineeships.¹²⁷
- 5.99 The Northern Territory Government also is developing an Indigenous Employment and Career Development Strategy. This strategy aims to address the under-representation of Aboriginal and Torres Strait Islander peoples currently employed in the Northern Territory Public Sector. The strategy seeks to provide appropriate recruitment, career development and retention initiatives.¹²⁸
- 5.100 ACTU also called for the establishment of Indigenous employment targets, which include effective education and training programs within these targets.¹²⁹
- 5.101 The Committee is encouraged by the broad range of these initiatives and the improvements in employment outcomes. However, given the demographic factors that were identified in earlier chapters significant focus is required to support and foster further increase in participation in paid work.

Community Development Employment Projects

- 5.102 CDEPs provide employment and training opportunities to over 34,000 Indigenous people in a range of activities that benefit themselves and their communities. In some remote and very remote areas of Australia it

126 Mission Australia, *Submission No. 104*, p. 16.

127 Queensland Government, *Submission No. 87*, pp. 10, 12.

128 Northern Territory Government, *Submission No. 68*, pp. 1-2.

129 ACTU, *Submission No. 69*, p. 15.

accounts for the majority of jobs.¹³⁰ However, CoffEE argued that CDEPs undertaken in metropolitan and outer metropolitan areas are those that would be undertaken by the private sector.¹³¹

- 5.103 The Indigenous Employment Centres were established to assist CDEP participants to find suitable mainstream employment outside CDEPs.¹³² Between April 2002 and 30 September 2003 centres had assisted over 1 700 CDEP participants and placed over 400 people into employment.¹³³ FaCS stated that the concepts of reciprocity and responsibility, community capacity building, improved and individualised service delivery associated with Welfare Reform are reflected in the Australian Government's approach to addressing Indigenous disadvantage.¹³⁴
- 5.104 The Committee notes the release of the discussion paper '*Building on Success: CDEP Discussion Paper 2005*' by the Minister for Employment and Workplace Relations on 22 February 2005. The paper aims to enhance the operation of CDEP to further improve participation by Indigenous peoples, particularly in remote areas.

People with a disability

- 5.105 Disability Action Inc summarised the situation as:

People with disabilities need adequate support in order to access job search, training and employment opportunities. This includes access to adequate personal assistance and care, to adequate accommodation, transport and access to buildings and other infrastructure, access to communication technologies and access to the community to maintain their social relationships, which often enable them to start work.¹³⁵

130 Department of Employment and Workplace Relations, *Submission No. 72*, p. 5 and Steering Committee for the Review of Government Services Provision 2003, *Overcoming Indigenous Disadvantage: Key Indicators 2003*, Productivity Commission, Canberra, pp. xlix, 11.9.

131 Ms Sally Cowling, Research Fellow, Centre of Full Employment and Equity, University of Newcastle, *Transcript of Evidence*, 12 March 2004, p. 9.

132 Department of Employment and Workplace Relations, *Submission No. 72*, p. 14.

133 Office of Aboriginal and Torres Strait Islander Affairs, 2003, 'Indigenous Employment and Economic Development', *Indigenous Issues, Fact Sheet Series, October 2003*, No. 9, p. 2, <<http://www.atsia.gov.au/atsia/facts/pdf/employment.pdf>>

134 Department of Family and Community Services, *Submission No. 99*, p. 25.

135 Disability Action Inc, *Submission No. 94*, p. 2.

- 5.106 This access to adequate support is required to counter the barriers faced by people with a disability. These barriers include:
- lack of culturally appropriate assistance, and inappropriate or inadequate assistance and support;
 - myths, misconceptions and negative stereotypes about disability and ethnicity in the community;
 - discrimination and prejudice against people with a disability;
 - emphasis on 'mainstreaming' without acknowledgement of the inequities that exist;
 - NESB people with a disability often do not understand concepts used to describe their situation;
 - ethnic communities often do not have the capacity to advocate for the needs of people with a disability;
 - lack of freely available information for employers on work adjustments for people with a disability;
 - lack of support for people with a disability participating in the recruitment process;
 - employers' lack of awareness of reasonable adjustment for people with a disability and availability of Government incentives, including subsidies to offset costs for modifications or adjustments to the work environment;
 - poor job design and inflexible working arrangements and inadequate support for the placement of these people by the recruitment industry;
 - incorrect perceptions that disability is linked to low performance, employers and businesses' perception that the employment of people with a disability is hard and time consuming; and
 - recruitment providers not skilled in disability and no guidelines or standards provided.¹³⁶
- 5.107 Other practical barriers faced by blind people include the lack of access to course materials for students and the incompatibility of new computerised

¹³⁶ Australian Council of Social Service, *Submission No. 74*, p. 32; National Ethnic Disability Alliance and the Physical Disability Council of Australia, *Submission No. 96*, pp. 9-10; Manpower Services (Australia) Pty Ltd, *Submission No. 78*, p. 8; Women With Disabilities in Australia, *Submission No. 17*, pp. 10-12.

equipment with screen readers.¹³⁷ The hearing impaired or deaf people also need Australian Sign Language (Auslan) interpreting for employment related activities including job interviews.¹³⁸

- 5.108 At the local level many services that have provided assistance have been de-funded or have moved to a 'user pays' service. The type of assistance must be tailored to the individual's circumstances and if it is available there are extensive waiting lists. This does not assist in gaining employment opportunities. Many of these services are the responsibility of the State or local Governments.¹³⁹

Growth in Disability Support Pension

- 5.109 As discussed in earlier chapters of this report, rates of Disability Support Pensions (DSP) receipt grew substantially between 1980 and 2000, particularly for females during the 1990s. In part this has been attributable to switching from other benefits such as the widow's pension, now removed, rather than an increase in welfare dependency.¹⁴⁰ Also, in the year to March 2003, 34 per cent of new entrants to the DSP had previously been on Newstart.¹⁴¹
- 5.110 The male DSP-recipient population has been getting younger in recent years, with 27 per cent being males aged less than 50 years.¹⁴² One significant difference between the DSP and Newstart is that the DSP does not have activity testing.

The number of males on DSP aged under 50 years has more than tripled in the last twenty years from 54,303 in 1982 to 178,206 in 2002. By comparison the number of males on DSP aged 50 years and over has more than doubled from 96,843 to 228,687 during the same period. Males on DSP aged less than 50 years accounted for 43.8 per cent of all male DSP recipients in 2002 compared with 35.9 per cent in 1982.¹⁴³

137 Blind Citizens Australia, *Submission No. 67*, p. 2.

138 Australian Federation of Deaf Societies, *Submission No. 103*, p. 1.

139 Women With Disabilities in Australia, *Submission No. 17*, p. 15; Mr Philip Starks, *Submission No. 13*, pp. 2-3.

140 Mr David Thompson, Principal Policy Adviser, Office of Employment, Education and Training, Australian Council of Social Service, *Transcript of Evidence*, 28 January 2004, p. 10.

141 Department of Employment and Workplace Relations, *Submission No. 72*, p. 4.

142 Wilkins R (2003) *Labour Market Outcomes and Welfare Dependence of Persons with Disabilities in Australia*, Melbourne Institute of Applied Economic and Social Research, The University of Melbourne, p. 5.

143 Department of Employment and Workplace Relations, *Submission No. 72b*, p. 4.

- 5.111 ACOSS reported that the growth rate in the number of those on DSPs in Australia is the highest in the OECD, and the proportion of these recipients participating in paid employment is the lowest in the OECD.¹⁴⁴ Therefore, the growth in this pension has been the subject of concern. For this reason there have been attempts to introduce participation requirements for more able recipients of the DSP.
- 5.112 In efforts to increase social and economic participation of people with disabilities and reduce the increase of recipients on the DSP, the Australian Government introduced the Family and Community Services Legislation Amendment (Disability Reform) Bill 2002. In part, the bill proposed changes to the DSP qualification criteria: the continuing inability to work test from a 30 hour a week test to a 15 hour a week test.¹⁴⁵
- 5.113 There was division in the Committee on party lines around a review of the eligibility criteria for the DSP.

Recommendation 14

The Committee recommends that the Australian Government introduce increased work capacity provisions in determining eligibility for those in receipt of the Disability Support Pension.

Employment strategies

- 5.114 Research reported in 2003 found that the adverse effects of disability in terms of participation in paid work appears to be worse for low-skilled, prime aged people.¹⁴⁶ Additionally, the adverse consequences for obtaining employment of profound and severe disability and multiple impairment types were greater in 1998 than in 1993.¹⁴⁷ This indicates that assistance and the removal of barriers is required to improve employment outcomes.

144 Mr David Thompson, Principal Policy Adviser, Office of Employment, Education and Training, Australian Council of Social Service, *Transcript of Evidence*, 28 January 2004, p. 10.

145 Department of Employment and Workplace Relations, *Submission No. 72*, p. 15; and *Family and Community Services Legislation Amendment (Disability Reform) Bill 2002*.

146 Dr Roger Wilkins, Research Fellow, Melbourne Institute of Applied Economic and Social Research, University of Melbourne, *Transcript of Evidence*, 19 March 2004, p. 52.

147 Wilkins R (2003) *Labour Market Outcomes and Welfare Dependence of Persons with Disabilities in Australia*, Melbourne Institute Working Paper No. 2/03, p. 5.

- 5.115 Strategies to assist people with disabilities include Centrelink streaming arrangements to refer people with moderate to severe disabilities to the Disability Employment Assistance Program (DEA) and those with mild to moderate disabilities to the Job Network system.¹⁴⁸ The DEA provides assistance to those with ongoing support needs and the CRS, for example, provides vocational rehabilitation to those who may otherwise not gain employment.¹⁴⁹
- 5.116 Job Network providers must be able to service all jobseekers and demonstrate their capacity to service people with disabilities among others. There are also specialist Job Network providers who provide services to people with different types of disabilities such as the symptoms of HIV-AIDS, vision impairment, hearing impairment and mental health issues. The ultimate test of a Job Network service provider is the level of jobs they get for people with a disability, and the results were reported as quite positive.¹⁵⁰
- ...around 54 to 58 per cent of people with disabilities who have been placed through the job matching service in the past have been in a job three months later – in employment or a full-time education course. For those who go through the more intensive services, 44 per cent are still in employment or long-term education three months later ... these providers also have the highest star ratings, typically. Those are objective measures of their performance.¹⁵¹
- 5.117 Strategies or interventions that assist people with disabilities to increase participation included vocational guidance, job search support and job placement. Younger people have been found to respond better to such assistance.¹⁵² Therefore the greatest potential success to encourage people with disabilities into employment is when they are younger.
- 5.118 NEDA and PDCA identified a need for more practical assistance to help NESB people and other people with disabilities to gain employment.

148 Mr Finn Pratt, Group Manager, Intensive Support Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 26 May 2004, pp. 8-9.

149 Mr Carl Princehorn, Director, Participation Strategies, Department of Family and Community Services, *Transcript of Evidence*, 26 May 2004, p. 9.

150 Mr Finn Pratt, Group Manager, Intensive Support Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 26 May 2004, p. 7.

151 Mr Finn Pratt, Group Manager, Intensive Support Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 26 May 2004, p. 8.

152 Department of Family and Community Services, *Assessment and Contestability Trial Evaluation Report*, Executive Summary, <http://www.facs.gov.au/disability/assess_contest/sec_01/01_01.htm>

Disability Action advocates that addressing barriers to employment and providing assistance rather than focussing on incentives and requirements will more likely lead to increased employment outcomes.¹⁵³ Examples of practical assistance listed by various disability organisations include:

- financial assistance to meet the costs of participation;
- creating opportunities for people to gain work experience;
- providing incentives for employers to hire people with a disability;
- providing re-training to people working in industries or positions that are declining;
- technical/equipment assistance;
- recognition of qualifications and experiences gained in other countries;
- ensuring that employment support policies assist in keeping people who acquire a disability in employment;
- providing culturally competent services to place people with disabilities in real jobs with meaningful outcomes and appropriate awards based wages;
- modifications to duty statements;
- making job advertisements inclusive and accessible;
- flexibility for those who experience fluctuating levels of health; and
- better promotion of the Workplace Modifications Program to both employers and employment service providers.¹⁵⁴

5.119 NEDA and PDCA consider that greater consultation is required to identify strategies to assist in the employment of people with disability. The establishment of the Australian Federation of Disability Organisations will provide opportunities for consultation with the department and have input into public policy.¹⁵⁵

5.120 Between December 2003 and June 2004, DEWR conducted a pilot program to explore strategies to engage DSP recipients with specialist Job Network

153 Ms Monika Baker, Disability Action, *Submission No. 94*, pp. 29, 37.

154 National Ethnic Disability Alliance and the Physical Disability Council of Australia, *Submission No. 96*, pp. 7, 9; Ms Lou-Anne Lind, Executive Director, National Ethnic Disability Alliance, *Transcript of Evidence*, 31 March 2004, pp. 1-2; Women With Disabilities in Australia, *Submission No. 17*, p. 9.

155 Mr Philip O'Donoghue, Acting Director, Australian Council of Social Service, *Transcript of Evidence*, 28 January 2004, p. 11.

disability employment services to help them find work. The pilot involved voluntary participation. Job seekers who had high level and ongoing support needs were not accepted into the pilot. Many of the services that have been identified in the paragraphs above were included or identified as necessary in the evaluation of the program.

5.121 A key finding was that many of the participants who wanted to work were not previously taking advantage of available assistance. At the end of the interim evaluation, forty four per cent of participants had found employment or were participating in educational outcomes. However, the cost of assistance for people with a disability was higher than for other job seekers. This may have budgetary implications for Job Network and specialist disability employment service providers.

5.122 Six key areas were identified in the pilot to maximise the effectiveness of using Job Network:

- remove disincentives to participation for DSP recipients; such as insufficient pension suspension guarantees, and employer ignorance of disability issues and discrimination;
- increase DSP recipients' awareness of available employment services and promote best practice in engaging with interested job seekers at the local level;
- promote flexible servicing arrangements that currently exist within the Active Participation Model; such as use of the Job Seeker Account, and cross referrals;
- promote best practice, training and support mechanisms and tools for servicing DSP recipients; such as increasing general understanding of disability issues;
- streamline administrative systems and processes associated with servicing DSP recipients; and
- improve awareness in the labour market of the benefits of employing people with a disability.¹⁵⁶

¹⁵⁶ Mr Graham Carters, Group Manager, Working Age Policy Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 February 2005, pp. 6-13; DEWR, *Exhibit No. 96: Job Network Disability Support Pensions Pilot: Interim Evaluation Report*. (October 2004), Executive Summary, pp. 1-2.

Workplace Modification Scheme

- 5.123 NEDA and PDCA suggested that the Workplace Modifications Scheme be increased to cover part-time and casual positions and that the program be better promoted to employers and employment service providers.¹⁵⁷ Similarly, the Australian Federation of Deaf Societies suggested review of the Workplace Modification Scheme to include financial assistance costs associated with Auslan interpreting. Examples were provided of private businesses not wishing to meet the costs of Auslan interpreters for employment interviews nor for ongoing employment.¹⁵⁸
- 5.124 FaCS has also identified the need for greater promotion of government initiatives. The awareness of employers of the existence of the Employer Incentive Scheme, including workplace modifications, was low. Reviewing the flexibility of the scheme was important but employers also want one-stop assistance about how to go about employing and supporting employees with disabilities.¹⁵⁹ A disability portal, 'JobAble', that was launched in August 2004, is available to all employers, service providers and employees with a disability. It provides information in one place so that employers and job seekers know what assistance is available to them, who to contact for assistance and what issues have to be addressed to meet legislative requirements.
- 5.125 Additionally, to broaden the support to people with disabilities the Australian Government is also considering eligibility for the workplace modification scheme. The scheme is currently open to those job seekers who are engaged with Job Network Intensive Support customised assistance or with DEWR funded open employment service. The concern is that this limits the ability to support people who may be able to get a job and stay in a job without the need for those more intensive services but who may need some minor workplace modification.¹⁶⁰

157 National Ethnic Disability Alliance and the Physical Disability Council of Australia, *Submission No. 96*, pp. 4, 7, 11.

158 The Australian Federation of Deaf Societies, *Submission No. 103*, pp. 6-8.

159 Ms Serena Wilson, Executive Director, Department of Family and Community Services, *Transcript of Evidence*, 26 May 2004, p. 10; <<http://www.JobAble.gov.au>>.

160 Mr Carl Princehorn, Director, Participation Strategies, Department of Family and Community Services, *Transcript of Evidence*, 26 May 2004, p. 10; Department of Employment and Workplace Relations, Workplace Modifications Scheme Guidelines, <<http://www.jobable.gov.au/openemploymentproviders/workplacemodificationsshemeguidelines.asp>>

Recommendation 15

The Committee recommends that the Australian Government extend the eligibility criteria of the Workplace Modification Scheme to provide support for people with an assessed disability to enter the paid workforce where their capacity to work would be significantly improved by workplace modification.

Recommendation 16

The Committee recommends that the Australian Government conduct an awareness-raising program to promote the Workplace Modification Scheme to employers and employment services providers.

- 5.126 The Committee is particularly concerned about reports that deaf people are required to attend a job interview without an interpreter. It is the understanding of the Committee that funding can be provided through the Job Seeker accounts for this type of service.

Recommendation 17

The Committee recommends that the Australian Government ensure that all funded employment services are aware of the obligation to provide Auslan interpreters for deaf clients attending job interviews.

- 5.127 The Committee notes that the state-based Equipment Subsidy Scheme is generally highly regarded for the assistance it provides for people with a disability.¹⁶¹ The Australian Government Workplace Modification Scheme could be similarly enhanced to include changes to the eligibility criteria, the level of funding for equipment, the timeliness of receiving the

¹⁶¹ Mr Andrew Daly, Executive Director, Royal Society for the Blind of South Australia Inc, *Transcript of Evidence*, 18 March 2004, pp. 23, 33; Royal Society for the Blind of SA Inc, *Submission No. 47*, p. 2. This is a state-based scheme that could have broader applicability, such as the Australian Government's Workplace Modification Scheme. For a more comprehensive discussion of equipment schemes refer to Australian Institute of Health and Welfare, 2003, *Disability: the use of aids and the role of the environment*, <<http://www.aihw.gov.au/publications/dis/duare/>> accessed 25 February 2005.

equipment, a maintenance facility and the need for a loan pool to meet the short-term needs.

Recommendation 18

The Committee recommends that the Australian Government extend eligibility for the Workplace Modification Scheme to part-time and casual positions.

Changing attitudes

5.128 In some situations, the response by employers is not as positive as it could be and people with a disability:

... often experience discrimination in the workplace, ranging from being marginalised in relationships with fellow employees and managers, not being offered modified work conditions or hours of employment to accommodate their disabilities, or being forced to resign or sacked outright.¹⁶²

5.129 Employers need good-quality, practical and timely information that can help ensure that there are no barriers to people with a disability. EMAD would like to see a strategy implemented that would provide the appropriate information to employers, provide assistance and put a business case for the employment of people with a disability.¹⁶³

5.130 Very little information has been provided to employers about their obligations under the *Disability Discrimination Act 1992*.¹⁶⁴ MS Australia commented that employers are often uncomfortable with discussing workplace accommodation and accede from fear of allegations of discrimination rather than a desire to provide appropriate assistance in the workplace.¹⁶⁵

If employers could be given the kind of assistance that is available for work injuries to help them to manage a worker and a chronic illness, then significant community dollars would be saved in

162 MS Australia, *Submission No. 90*, p. 3.

163 Employers Making a Difference, *Submission No. 70*, p. 5.

164 Employers Making a Difference, *Submission No. 70*, p. 3.

165 MS Australia, *Submission No. 90*, p. 11.

welfare and rehabilitation services and create additional retirement income for the employees concerned.¹⁶⁶

5.131 MS Australia referred to the Employer Forum on Disability established in the United Kingdom in which the employers:

... have taken the initiative to provide leadership to their members in promoting positive management solutions to issues of disability and chronic illness in the workplace.¹⁶⁷

5.132 EMAD commented that the government and community sectors need to engage the business sector to develop employment opportunities.¹⁶⁸ The reluctance by employers to employ people with disabilities has been attributed to perceptions of a higher risk of injury and lack of productivity and flexibility in the workplace.¹⁶⁹

5.133 RSB believes that there is a need for community education. RSB believes that you will not find better workers than blind people but this message needs to be taken out to the broader community.¹⁷⁰ Once in employment the retention level of employees with a disability is high.¹⁷¹

...we can spend millions of dollars and hundreds of thousands of service hours to make a client independent and to integrate into the community but, at the end of the day, if the community does not accept them, basically you have achieved nothing.¹⁷²

Continuity of employment

5.134 MS Australia commented that many people with MS felt that the disclosure of their degenerative condition to the employer had hastened the employer's wish for them to leave their job.¹⁷³ MS Australia

166 MS Australia, *Submission No. 90*, p. 13.

167 MS Australia, *Submission No. 90*, pp. 13-4.

168 Ms Suzanne Colbert, Chief Executive Officer, Employers Making a Difference, *Transcript of Evidence*, 27 January 2004, p. 28.

169 Mr Andrew Daly, Executive Director, Royal Society for the Blind of South Australia Inc, *Transcript of Evidence*, 18 March 2004, p. 22; see also Ms Monika Baker, Senior Systemic Advocate, Disability Action Inc, *Transcript of Evidence*, 18 March 2004, p. 39

170 Mr Andrew Daly, Executive Director, Royal Society for the Blind of South Australia Inc, *Transcript of Evidence*, 18 March 2004, p. 36.

171 Mr Peter Hall, Coordinator, Employment Services, Royal Society for the Blind of South Australia Inc, *Transcript of Evidence*, 18 March 2004, p. 30; Manpower Services (Australia) Pty Ltd, *Submission No. 78*, p. 8.

172 Mr Andrew Daly, Executive Director, Royal Society for the Blind of South Australia Inc, *Transcript of Evidence*, 18 March 2004, p. 35.

173 MS Australia, *Submission No. 90*, p. 4.

commented that the employer may have already made a substantial investment in that employee in terms of training and career development. With employers there is often a good deal of goodwill but a general ignorance.¹⁷⁴

- 5.135 Good information and planning can assist people with degenerative conditions before it is too late to save their job.¹⁷⁵ Support agencies need to be contacted before the relationship between the employer and the employee has deteriorated to a point where continued employment is not an option.¹⁷⁶ People need to be made aware of the availability of specialist service providers while they are still employed.¹⁷⁷
- 5.136 The 'Jobs in Jeopardy' program at CRS is available to assist people remain in employment. MS Australia commented that the Jobs in Jeopardy program is one of the few programs available for people with MS who are at risk of premature or unfair exit from employment.¹⁷⁸ However MS Australia notes that for someone facing discrimination the entry of the CRS can exacerbate matters and there needs to be a better way of handling these situations.¹⁷⁹
- 5.137 The Blind Citizens of Australia (BCA) believes that Jobs in Jeopardy should be bolstered and would like to see an increased focus on equipment provision and retraining.¹⁸⁰ The Jobs in Jeopardy program could provide more support to organisations and employers who are trying to do the right thing.¹⁸¹ The Jobs in Jeopardy program is a national program but is not well known and is hard to access.¹⁸²

174 Mr Andrew White, MS Australia, *Transcript of Evidence*, 20 February 2004, pp. 4, 6.

175 MS Australia, *Submission No. 90*, p.4.

176 Blind Citizens Australia, *Submission No. 67*, p. 13.

177 Mr Andrew Daly, Executive Director, Royal Society for the Blind of South Australia Inc, *Transcript of Evidence*, 18 March 2004, p. 22; Royal Society for the Blind of SA Inc, *Submission No. 47*, p. 2.

178 MS Australia, *Submission No. 90*, p. 14.

179 Mr Alan Blackwood, Manager, Policy and Community Partnerships, MS Australia, *Transcript of Evidence*, 20 February 2004, p. 2.

180 Blind Citizens Australia, *Submission No. 67*, p. 14.

181 Ms Collette O'Neill, National Policy Officer, Blind Citizens Australia, *Transcript of Evidence*, 19 March 2004, p. 49.

182 Mr Alan Blackwood, Manager, Policy and Community Partnerships, MS Australia, *Transcript of Evidence*, 20 February 2004, p. 2.

Recommendation 19

The Committee recommends that the Australian Government review the Jobs in Jeopardy program (to ensure improved access to this program), in terms of its use, eligibility criteria and effectiveness in assisting people with chronic illnesses to remain in employment.

Recruitment services for people with a disability

- 5.138 The Committee heard from a number of organisations that recruitment services do not have the skills to deal with people with a disability. The criticisms include discrimination by Job Network providers, staff who are not trained to deal with mental health problems, offices that are not accessible to wheelchairs and one case of someone who was deaf being sent for telephone marketing training.¹⁸³ It was also suggested that the Job Network employment system does not cater well for deaf people.¹⁸⁴
- 5.139 Positions advertised in newspapers require communication skills which are usually interpreted as oral communication skills, which can present an immediate barrier for deaf people.¹⁸⁵ There is a significant attitudinal barrier in both public and private sectors when trying to organise interviews for deaf clients.¹⁸⁶ There is a lack of awareness about the Workplace Modifications Scheme which could provide TTY (Teletypewriter) relay service, email, fax or SMS.¹⁸⁷
- 5.140 The disability employment service network is geared towards finding new jobs for people rather than providing support for people currently in the workforce, and these are often entry-level, first jobs for people with congenital disabilities. The network is not well equipped to deal with people with an acquired disability. People with a degenerative condition who have been previously employed may need professional input to job

183 Ms Monika Baker, Senior Systemic Advocate, Disability Action Inc, *Transcript of Evidence*, 18 March 2004, p. 45.

184 Ms Rebecca Ladd, Secretary/Treasurer, Australian Federation of Deaf Societies, *Transcript of Evidence*, 28 January 2004, p. 36.

185 Ms Rebecca Ladd, Secretary/Treasurer, Australian Federation of Deaf Societies, *Transcript of Evidence*, 28 January 2004, p. 38.

186 Mr Andrew Wiltshire, Community Liaison and Projects Officer, Australian Association of the Deaf, *Transcript of Evidence*, 28 January 2004, p. 37.

187 Australian Federation of Deaf Societies, *Submission No. 103*, p. 4.

design, while most people with a disability entering the labour market do not require the professional health layer.¹⁸⁸

- 5.141 PDCA commented that job placements for people with a disability can fail due to an employer's lack of planning and preparation before they commence work:

This sets the individual up with false expectations, which can result in loss of self-esteem and the willingness to pursue the employment market again.¹⁸⁹

- 5.142 EMAD believes that Australia's attitudes to encouraging people with a disability to participate in the workforce are getting better, but systems are getting worse. EMAD stated that there are organisations wishing to employ people with a disability, but that assessment strategies in the recruitment processes when outsourced are disadvantaging people who have a disability.¹⁹⁰ The Committee is concerned that in situations where recruitment is being outsourced, the human resource professionals are not providing greater opportunities for people with a disability to better access employment opportunities.

- 5.143 EMAD added that there is currently a diversity training module being developed that does not mention disability and that there is no regular training for professional development being offered by the Australian Human Resource Institute or the Recruitment and Consulting Services Association, and that this could be a fundamental part of bringing about change.¹⁹¹

Recommendation 20

The Committee recommends that the Australian Government, in consultation with the peak disability agencies, recruitment services and business and industry organisations, develop guidelines on appropriate criteria and protocols for the recruitment of people with a disability.

188 Mr Alan Blackwood, Manager, Policy and Community Partnerships, MS Australia, *Transcript of Evidence*, 20 February 2004, pp. 2, 9-10.

189 Physical Disability Council of Australia Ltd, Submission No. 76, p. 3.

190 Ms Suzanne Colbert, Chief Executive Officer, Employers Making a Difference, *Transcript of Evidence*, 27 January 2004, pp. 34-35.

191 Ms Suzanne Colbert, Chief Executive Officer, Employers Making a Difference, *Transcript of Evidence*, 27 January 2004, p. 35.

Training and education

- 5.144 NEDA and PDCA commented on the lack of access to education at all levels and added that few vocational training centres possess the expertise for the delivery of training courses for people with a disability.¹⁹²
- 5.145 PDCA commented that not all training programs are accessible for people with a disability and that there are very few vocational training centres with the expertise to deliver tailored training courses for people with a disability.¹⁹³ People with disabilities are under represented in the VET system and in apprenticeships or traineeships. Disability Action Inc suggested a review to investigate why people with a disability are not participating in these opportunities and steps taken to overcome these barriers.¹⁹⁴
- 5.146 Blind students are being advised not to enrol at universities because lecture material cannot be provided in a suitable format. This ignorance can be addressed by education, and BCA are attempting to establish an accredited training course. While DEST and ANTA support the idea, funding is not available.¹⁹⁵ BCA also called for greater availability of Braille literacy and numeracy courses for children and adults including those from NESB.¹⁹⁶ Further, BCA emphasised the importance of mentoring for blind people, as people in the school system may not be aware of the types of work they can do.¹⁹⁷
- 5.147 The Committee notes the range of issues that need to be addressed to support people with disabilities into employment. Strategies to improve the transition from education to work, such as in increased exposure to the workplace through work experience, would lead to improved outcomes. Additionally, strengthening the link between workplace coordinators in education providers, and disability employment services may provide greater continuity for people with a disability.

192 National Ethnic Disability Alliance and the Physical Disability Council of Australia, *Submission No. 96*, p. 10.

193 Physical Disability Council of Australia Ltd, *Submission No. 76*, p. 2.

194 Disability Action Inc, *Submission No. 94*, pp. 22-24; see also Australian National Training Authority, *Submission No. 107*, pp. 11-12, for a fuller discussion of the VET response to assist people with disabilities.

195 Ms Collette O'Neill, National Policy Officer, Blind Citizens Australia, *Transcript of Evidence*, 19 March 2004, pp. 47-48.

196 Blind Citizens Australia, *Submission No. 67*, p. 14.

197 Ms Maryanne Diamond, Executive Officer, Blind Citizens Australia, *Transcript of Evidence*, 19 March 2004, p. 45.

Recommendation 21

The Committee recommends that Commonwealth, State and Territory agencies improve the transition assistance available from education to work or to further training through more coordinated work placement support and the links between workplace coordinators and disability employment services.

Employment opportunities

Public sector employment

- 5.148 There has been a 20 per cent decline in the number of people with a disability employed in the Australian Public Service since 1997.¹⁹⁸ PDAC told the Committee that this has been attributed to a decline in jobs with low skills levels. PDAC argued that many people with a disability can use computers and that this demonstrates that people are not aware of the capabilities and the potential of people with a disability.¹⁹⁹
- 5.149 There were more opportunities in the public service but due to reductions at both the State and Commonwealth levels, where lower level positions are being outsourced, the potential employment market has probably decreased.²⁰⁰ People with a disability have been overrepresented in retrenchments from the public sector.²⁰¹ The Australian Federation of Deaf Societies told the Committee that he was not aware of people with disabilities being targeted for voluntary redundancies but people with a disability were often in positions that could be allocated to other areas.²⁰² However, it was noted that deaf people in the public service tend to remain in the lower levels.²⁰³

198 National Ethnic Disability Alliance and the Physical Disability Council of Australia, *Submission No. 96*, p. 6.

199 Ms Susan Egan, Executive Officer, Physical Disability Council of Australia, *Transcript of Evidence*, 31 March 2004, p. 8.

200 Mr Joe Sabolcec, Executive Officer, Australian Federation of Deaf Societies, *Transcript of Evidence*, 28 January 2004, p. 37.

201 Blind Citizens Australia, *Submission No. 67*, p. 9.

202 Mr Joe Sabolcec, Executive Officer, Australian Federation of Deaf Societies, *Transcript of Evidence*, 28 January 2004, p. 38.

203 Ms Rebecca Ladd, Secretary/Treasurer, Australian Federation of Deaf Societies, *Transcript of Evidence*, 28 January 2004, p. 38.

In Australia there are some excellent examples of private sector employers who bend over backwards to accommodate people with moderate to severe disabilities ... But the fact is that there are a number of other disabled people who cannot find job opportunities, which means that there are not enough of them.²⁰⁴

- 5.150 The Committee was also told that the Commonwealth Disability Strategy has achieved very little except a lot of rhetoric.²⁰⁵ BCA believes the excellent principles and obligations within the Commonwealth Disability Strategy have not been 'universally acknowledged, absorbed and implemented'.²⁰⁶ There needs to be a strengthening of the obligations under the strategy and training in disability awareness to all staff in all departments.²⁰⁷

Recommendation 22

The Committee recommends that the Australian Government develop a consistent and standardised reporting system to:

- **report on trend data for the number of people with a disability being employed by the Australian Public Service; and**
- **implement strategies to improve participation of people with disabilities in the Australian Public Service.**

Migrants

- 5.151 Migrants to Australia, often from humanitarian or family programs, may become reliant on income support. A range of assistance measures available for all Australians seeking work also assists migrants to Australia. FaCS through their Mentor Marketplace assists young people to age 25. The program aims to improve the outcomes for young people who are experiencing limited opportunities for participation in the social,

204 Professor William Mitchell, Professor of Economics and Director, Centre of Full Employment and Equity, University of Newcastle, *Transcript of Evidence*, 12 March 2004, p. 12.

205 Ms Susan Egan, Executive Officer, Physical Disability Council of Australia, *Transcript of Evidence*, 31 March 2004, p. 8.

206 Blind Citizens Australia, *Submission No. 67*, pp. 4-5.

207 Physical Disability Council of Australia Ltd, *Submission No. 76*, p. 1.

cultural or economic life of their community. This includes young people who are at risk, those who have had contact with juvenile justice, young people in care, migrants and refugees, Indigenous youth, boys without positive role models, and students experiencing difficulty remaining at school.²⁰⁸

- 5.152 Logan City Council and the Logan Employment Task Force have identified the difficulties of job seekers with diverse cultural and linguistic backgrounds who need to negotiate unfamiliar and complex employment and training systems and are confused by employer expectations.²⁰⁹ Also Manpower Services (Australia) suggested the need for government to educate employers about the importance of migrant workforce integration, emphasising the benefits this skills group has to offer business.
- 5.153 State programs such as Queensland's Community Jobs Plan includes NESB people such as newly arrived migrants, Temporary Protection Visa Holders and humanitarian refugees. The Community Jobs Plan gives priority to local community projects providing generic skills development that is transferable across industries and a diversity of work experiences rather than limited repetitive work skills.²¹⁰
- 5.154 ACCI commented on the benefits of an active program encouraging skilled migration, as this can help the economy grow and increase job opportunities.²¹¹ The Tasmanian Government also sees a role for skilled migration in removing the skill shortage barriers to economic growth.²¹²
- 5.155 USU commented that permanent business migrants have a positive impact on the economy through the establishment of new businesses, the generation of jobs and through expanding Australian exports.²¹³ Manpower Services (Australia) Pty Ltd also suggested a campaign to educate employers on the benefits this skills group has to offer business and the importance of migrant workforce integration.²¹⁴
- 5.156 The Tasmanian Government called for a review of existing programs in terms of:
- Increasing the level of the annual net migration;

208 Department of Family and Community Services, *Submission No. 99a*, p. 5.

209 Logan Employment Task Force, *Submission No. 34a*, pp. 1-5.

210 Queensland Government, *Submission No. 87*, Attachment 2, p. 2.

211 Mr Peter Anderson, Director, Workplace Policy, Australian Chamber of Commerce and Industry, *Transcript of Evidence*, 5 November 2003, p. 5.

212 Tasmanian Government, *Submission No. 102*, p. 21.

213 United Services Union, *Submission No. 85*, p. 5.

214 Manpower Services (Australia) Pty Ltd, *Submission No. 78*, p. 3.

- Whether State specific migration mechanisms could be expanded, with relaxed entry requirements offered to migrants who settle in defined areas/regions of Australia; and
 - As a corollary to the above point, the provision of appropriate “on the ground” resettlement support and assistance particularly in the absence of large ethnic communities.²¹⁵
- 5.157 Within 18 months of arriving in Australia the unemployment rate of skilled migrants is comparable to that of the general Australian population.²¹⁶ The *Intergenerational Report 2002-03* noted:
- Higher migration would tend to increase growth in the labour force and thus in GDP. The composition of the migrant intake also influences spending.²¹⁷
- 5.158 A significant barrier to employment for skilled migrants is a lack of recognition of former qualifications.²¹⁸ Research has shown that many migrants had no information about the complex assessment process prior to their arrival in Australia, and some had wrongly assumed that their qualifications had been recognised in the skilled migration application process.²¹⁹
- 5.159 The Joint Standing Committee on Migration (JSCM) noted that for some migrants who arrived in Australia under the family reunion or humanitarian arrangements, there was a mismatch between pre- and post-migration occupations which could mean that migrants were not using their qualifications to their best advantage or were experiencing difficulty in having their former qualifications recognised in Australia.²²⁰
- 5.160 Manpower Services (Australia) suggested that often, irrespective of the level of educational or vocational qualification, migrants experienced prejudice from potential employers. The lack of recognition of overseas

215 Tasmanian Government, *Submission No. 102*, p. 21.

216 Joint Standing Committee on Migration, 2004, *To make a contribution: Review of skilled labour migration programs 2004*, Canberra, p. 125.

217 Australian Government, 2002, *Budget Paper No. 5, Intergenerational Report, 2002-03*, p. 64. Note: The components of migration intake include skilled, family reunion or humanitarian.

218 Dockery, AM and Webster E, 2002, ‘Long-term unemployment and work deprived individuals: issues and policies’ in *Australian Journal of Labour Economics*, Vol. 5, No. 1, pp. 187-188, and Wagner, R (ed), 2003, *Recognition of Prior Learning in Higher Education and the Australian Labour Market – the case of skilled migrants and refugees*, University of Western Sydney, p. 25.

219 Wagner, R (ed), 2003. *Recognition of Prior Learning in Higher Education and the Australian Labour Market – the case of skilled migrants and refugees*, University of Western Sydney, pp. 25-6.

220 Joint Standing Committee on Migration, 2004, *To make a contribution: Review of skilled labour migration programs 2004*, Canberra, p. 131.

qualifications is a key factor in the inability to integrate into the workforce.²²¹

5.161 Manpower Services (Australia) believes that migrants who come through the family reunion category face a number of challenges when trying to enter into paid employment. These include limited English skills, little knowledge of Australian hiring processes and a lack of familiarity with labour hire and employment agencies.²²² In a study of RPL for skilled migrants and refugees, participants reported difficulties with employment agencies. Some of these difficulties were related to being unfamiliar with the private recruitment sector.²²³

5.162 DIMIA commented that there was a real need for more opportunities for new arrivals to gain work experience in the Australian labour market.²²⁴ JSCM heard that:

One in five skilled migrants arriving in 1999-2000 reported that the main difficulty in finding work in the first six months was insufficient local experience.²²⁵

5.163 It was the opinion of JSCM that local experience enhanced migrants' ability to realise optimum employment outcomes, benefiting both them and Australia. In addition, they believed that it should be clearly set out that there are:

... opportunities for intending migrants to gain local experience through temporary migration prior to taking the personally formidable step of permanently leaving home.²²⁶

5.164 JSCM recognised that while there are existing opportunities for newly arrived migrants to gain local experience, information about these opportunities was not readily accessible. It was JSCM's belief that skilled migrants who have English language skills:

221 Manpower Services (Australia), *Submission No. 78*, p. 2.

222 Manpower Services (Australia), *Submission No. 78*, p. 2.

223 Wagner, R (ed), 2003, *Recognition of Prior Learning in Higher Education and the Australian Labour Market – the case of skilled migrants and refugees*, University of Western Sydney, p.28.

224 Joint Standing Committee on Migration, 2004, *To make a contribution: Review of skilled labour migration programs 2004*, Canberra, p. 130.

225 Joint Standing Committee on Migration, 2004, *To make a contribution: Review of skilled labour migration programs 2004*, Canberra, p. 131.

226 Joint Standing Committee on Migration, 2004, *To make a contribution: Review of skilled labour migration programs 2004*, Canberra, p. 143.

... would be unlikely to guess that the Adult Migrant English Program or the Adult Multicultural Education Service would provide information about work experience opportunities.²²⁷

- 5.165 There are a number of older NESB people who have not recently arrived who are excluded from employment. The barriers to employment they are facing include lack of recognition of qualifications earned overseas, lack of local work experience and poor English skills. The Committee heard that English programs focus on new arrivals at the expense of earlier arrivals whose problems emerge when they are retrenched.²²⁸
- 5.166 Other difficulties experienced by migrants include a lack of understanding of the interview process and an inability to market themselves effectively to Australian employers. In addition, a number of cultural barriers were also identified, such as overcoming the negative stigma attached to casual and part-time employment in some countries of origin when this type of employment is culturally acceptable in Australia.²²⁹
- 5.167 Further there is a need to accommodate linguistic diversity in employment services. Eight per cent of FaCS customers were born in countries where a language other than English is spoken and six per cent of customers spoke a language other than English.²³⁰ According to PDCA and NEDA:
- Ethnic communities tend to be overlooked when considering the 'target group'.
 - Staff need continual accredited, quality training in cultural difference, diversity and disability, and in particular, the nature and reality of the person's experiences.
 - The disability services system has not adopted even the most basic mechanisms for people from NESB such as the use of interpreters or the publication of material in languages other than English. Poor language skills prevent carers from accessing services so they have less opportunity to develop their personal, social or professional capabilities.
 - There are insufficient strategies and practices to ensure that people from NESB with disability and their families and carers participate in decision-making.

227 Joint Standing Committee on Migration, 2004, *To make a contribution: Review of skilled labour migration programs 2004*, Canberra, p. 143.

228 Dockery, AM and E Webster, 2002, 'Long-term unemployment and work deprived individuals: issues and policies' in *Australian Journal of Labour Economics*, Vol. 5(1), pp. 187-188.

229 Manpower Services (Australia), *Submission No. 78*, p. 2.

230 Department of Family and Community Services, 2004, *Australian Government Disability Services Census 2002*, p. 51.

- The myth of extended family support is still subscribed to by both service providers and funding bodies resulting in fewer services for NESB communities.²³¹

Regional migration

- 5.168 The JSCM report, *To make a contribution: Review of skilled labour migration* noted that of the 108 000 people who settled in Australia in 2002-03, four out of five opted to live in metropolitan areas. Skilled migrants tend to stay in the place they first settle and make the decision regarding where they are going to settle in Australia prior to arriving.²³²
- 5.169 DIMIA, in conjunction with State and Territory governments, operates a number of initiatives which aim to improve regional business's access to skilled migrants. These initiatives include the:
- Regional Sponsored Migration Scheme, which allows regional employers to fill full-time vacancies for at least two years' duration with skilled migrant labour.
 - Regional Established Business in Australia program, which facilitates permanent residency for business migrants on long-term business visas.
 - Skills Matching Database, which helps regional business find applicants for skilled vacancies who can then be sponsored through the Regional Sponsored Migration Scheme.²³³
- 5.170 DEWR maintains a 'Migration Occupations in Demand' List to assist the targeting of appropriate skilled migration. However, there is a lack of awareness of these schemes amongst regional businesses.²³⁴
- 5.171 A new arrangement was introduced on 1 July 2004, offering skilled migrants under the age of 45 a temporary three year visa if they undertook to live and work in a regional area. Migrants who did not remain in regional areas would have their visas revoked after three years. Those that

231 National Ethnic Disability Alliance and the Physical Disability Council of Australia, *Submission No. 96*, p. 12.

232 Joint Standing Committee on Migration, 2004, *To make a contribution: Review of skilled labour migration programs 2004*, Canberra, pp. 10-13.

233 Regional Business Development Analysis Panel, *Regional Business: A plan for action*, Exhibit No. 23, p. 40.

234 Regional Business Development Analysis Panel, *Regional Business: A plan for action*, Exhibit No. 23, p. 40.

remained in regional Australia will have the opportunity to apply for permanent residence after two years.²³⁵

- 5.172 The Rural Industry Working Group argued that the migrant and backpacker community is an 'important and valued supply of seasonal labour in the rural industry'. Horticulturalists have commented to the Rural Industry Working Group that if age restrictions and tax regulations associated with backpackers working visas could be relaxed then the backpacker labour force could be expanded.²³⁶ The Rural Industry Working Group have recommended that:

Training infrastructures, and deregulatory measures to extend the usefulness of the migrant and backpacker labour forces as a means of solving seasonal (harvest) labour shortages, are developed and promoted.²³⁷

- 5.173 NFF has suggested that a new tax zone scheme could act as an incentive for overseas migrants to settle in regional and rural Australia.²³⁸
- 5.174 DIMIA's *Report of the Review of Settlement Services for Migrants and Humanitarian Entrants, May 2003*, includes a recommendation to develop new service options for migrants and humanitarian entrants in relation to gaining work experience and endorses said recommendation.²³⁹

Young people

- 5.175 Mission Australia states that the needs of young people are not adequately being met. Preventing or reducing the need for young people to access income support would clearly be the ideal solution. There is a need to focus on early intervention to provide young people with the best opportunities and assistance to make the transition from school to work.²⁴⁰

235 Joint Standing Committee on Migration, 2004, *To make a contribution: Review of skilled labour migration programs 2004*, Canberra, p. 11.

236 Rural Industry Working Group, *Skill needs now and in the future in the rural industry*, Exhibit No. 26, p. 40.

237 Rural Industry Working Group, *Skill needs now and in the future in the rural industry*, Exhibit No. 26, p. 46.

238 National Farmers' Federation, *Taxation Zones and the City-Country Divide – A Discussion Paper*, Exhibit No. 72, p. 30.

239 Recommendation 10, DIMIA, *Report of the Review of Settlement Services for Migrants and Humanitarian Entrants, May 2003*, p. 124, <http://www.immi.gov.au/settle/settle_review>

240 Mission Australia, *Submission No. 104*, p. 4.

Two years ago, the Prime Minister's Youth Pathways Action Plan Taskforce identified a lack of integrated income support for young people, coupled with a low level of youth specific knowledge and service expertise among some Job Network providers as the key barriers to young people's participation in job search and employment (Footprints to the Future p. 73). Mission Australia is concerned that this issue does not seem to have been addressed in the *Australians Working Together* package.²⁴¹

5.176 Mission Australia supports and advocates:

- school based VET initiatives to enable Year 12 completion and structured work placements and school-based apprenticeships;
- intensive assistance through Job Network; and
- specialised assistance through the Job Placement, Employment and Training program.

5.177 However, there is a need for a more comprehensive national approach to strengthen pathways and provide early assistance. Additional strategies include:

- early Intervention Programs assistance targeting at risk students in primary and secondary schools;
- mentoring programs for young people at risk of early school leaving, or have already left school to reconnect them to employment, vocational training or back into education; and
- increased availability of holistic recovery programs which target severe cases of youth disconnection and provide integrated services such as drug and alcohol rehabilitation and counselling, vocational learning, and fostering longer term living and working environments.²⁴²

Apprenticeships

5.178 The Government has introduced a number of incentives to encourage employers to take on apprentices including an incentive for rural and regional employers in areas where there are skills shortages.²⁴³ An analysis conducted three years ago indicated that the new apprenticeship

241 Mission Australia, *Submission No. 104*, p. 19.

242 Mission Australia, *Submission No. 104*, p. 12. Please refer to Attachment 1 of Mission Australia's Submission for Mission Australia's programs for young people.

243 Mr Benjamin Johnson, Branch Manager, New Apprenticeships Branch, Department of Education, Science and Training, *Transcript of Evidence*, 11 February 2004, p. 5.

arrangements were successful in terms of further employment.²⁴⁴ There are some 407,000 Australians currently undertaking a New Apprenticeship.²⁴⁵ There has been an 18 per cent increase in the traditional trade apprenticeship positions from June 2003 to June 2004. The growth in the number of apprenticeships has been very high for mature age workers in recent years.²⁴⁶

- 5.179 The relevant Federal, State and Territory awards for particular industries deal with the wage arrangements for apprentices.²⁴⁷ Trainee wages are covered by the national training wage, which accommodates the employer's investment in training.²⁴⁸ An employer has the flexibility to offer higher remuneration and support to attract more highly skilled workers and some industry sectors have a specific adult apprenticeship award rate.²⁴⁹
- 5.180 East Coast Apprenticeships have introduced an apprenticeship scheme for industries with trades assistants and labourers and which includes RPL. This enables the apprentice to start perhaps at third year level and avoid most of the wages differential that would apply if commencing from the beginning. Other options that may assist in addressing the differential between the apprentice wages and adult wages, include the older person making some contribution or the unemployment benefit currently received could be used to offset the wage difference.²⁵⁰
- 5.181 RPL is something that needs attention.²⁵¹ There are different arrangements in each State and Territory for resourcing RPL for particular qualifications.

244 Ms Jessie Borthwick, Group Manager, Strategic, Analysis and Evaluation Group, Department of Education, Science and Training, *Transcript of Evidence*, 11 February 2004, p. 6.

245 Mr Benjamin Johnson, Branch Manager, New Apprenticeships Branch, Department of Education, Science and Training, *Transcript of Evidence*, 11 February 2004, p. 5.

246 Ms Jessie Borthwick, Group Manager, Strategic, Analysis and Evaluation Group, Department of Education, Science and Training, *Transcript of Evidence*, 11 February 2004, p. 8; Mr Benjamin Johnson, Branch Manager, New Apprenticeships Branch, Department of Education, Science and Training, *Transcript of Evidence*, 17 February 2005, p. 23.

247 Mr Benjamin Johnson, Branch Manager, New Apprenticeships Branch, Department of Education, Science and Training, *Transcript of Evidence*, 11 February 2004, p. 8.

248 Mr Benjamin Johnson, Branch Manager, New Apprenticeships Branch, Department of Education, Science and Training, *Transcript of Evidence*, 11 February 2004, p. 9.

249 Ms Mary Johnston, Branch Manager, Industry Training Branch, Department of Education, Science and Training, *Transcript of Evidence*, 26 May 2004, p. 20; Mr Benjamin Johnson, Branch Manager, New Apprenticeships Branch, Department of Education, Science and Training, *Transcript of Evidence*, 11 February 2004, pp. 9, 20.

250 Mr Alan Sparks, Chief Executive Officer, East Coast Apprenticeships, *Transcript of Evidence*, 6 February 2004, pp. 15, 18; East Coast Apprenticeships, *Submission No. 20*, p. 3.

251 Ms Colleen Cartwright, Senior Research Fellow, Australasian Centre on Ageing, University of Queensland, *Transcript of Evidence*, 6 February 2004, p. 45.

- The cost of the RPL may be equal to or more expensive than the training and individuals usually elect to undertake the full training.²⁵²
- 5.182 ANTA commissioned a report on RPL in the VET.²⁵³ DEST is also looking at ways of improving the RPL process to shorten apprenticeships, and this would be more attractive for mature age people. Some pilots are underway as part of the skills shortages strategy.²⁵⁴
- 5.183 The Victorian Automobile Chamber of Commerce is working with Kangan-Batman TAFE to encourage older workers with some relevant automotive experience into achieving national qualifications. RPL is used at the beginning of the process and then more individualised support is provided to gain, for example, a Certificate III in light vehicle, which is a service technician's apprenticeship. Instead of a four year apprenticeship this could be condensed into an 18 month to two year period.²⁵⁵
- 5.184 The Committee believes there should be a far more coordinated approach with the Commonwealth, States and Territories working cooperatively. The Committee notes that the issue of Recognition of Prior Learning is already on the training Ministerial Council agenda.²⁵⁶

252 Mr Benjamin Johnson, Branch Manager, New Apprenticeship Branch, Vocational Education and Training Group, Department of Education, Science and Training, *Transcript of Evidence*, 26 May 2004, p. 20; Mr Benjamin Johnson, Branch Manger, New Apprenticeships Branch, Department of Education Science and Training, *Transcript of Evidence*, 17 February 2005, p. 23.

253 Mr Benjamin Johnson, Branch Manager, New Apprenticeships Branch, Department of Education, Science and Training, *Transcript of Evidence*, 11 February 2004, p. 10.

254 Ms Mary Johnston, Branch Manager, Industry Training Branch, Department of Education, Science and Training, *Transcript of Evidence*, 26 May 2004, p. 21.

255 Ms Suzi Hewlett, Director, Industry Skills Section, Industry Training Branch, Department of Education, Science and Training, *Transcript of Evidence*, 17 February 2005, pp. 17-18.

256 Mr Benjamin Johnson, Branch Manager, New Apprenticeship Branch, Vocational Education and Training Group, Department of Education, Science and Training, *Transcript of Evidence*, 26 May 2004, p. 21.

Recommendation 23

The Committee recommends that the Australian Government, in cooperation with State and Territory Governments, industry, unions and educational bodies, review the Recognition of Prior Learning for school based and mature age apprenticeships programs to develop a standardised and coordinated approach that gives credit for and allows transference between all appropriate forms of curriculum and workplace training.

- 5.185 In 2001, the Prime Minister's Youth Pathways Action Plan Taskforce presented the *Footprints to the Future* report which provided a comprehensive overview of the issues facing young people and a way forward. The report identified the disconnection of young people from their families, schools and communities and recognised the need for a timely response to young people at risk. Of particular concern was the gap between the young people and the services supposed to help them and the needs for effective transitional programs. The report makes 23 recommendations including a national commitment to young people, and greater focus on career and vocational services.²⁵⁷
- 5.186 It was argued that training has different impacts on different target groups but has poor returns for young people. CIS commented that training schemes are also a waste of money for disillusioned teenagers who need work experience, not training, and suggested that this money could be more efficiently spent.²⁵⁸
- 5.187 In March 2004, the House of Representatives Standing Committee on Education and Training released a report entitled *Learning to Work: Report on the inquiry into vocational education in schools* which covers the barriers facing young people in accessing vocational education, including greater provision of work experience. Suggestions for improving employability skills, work placements and school-based new apprenticeships are some of the recommendations designed to improve the transition from school to work.²⁵⁹

257 Prime Minister's Youth Pathways Action Plan Taskforce, 2001, *Footprints to the Future*, Canberra, p. 217.

258 Professor Peter Saunders, Social Research Director, Centre for Independent Studies, *Transcript of Evidence*, 27 January 2004, p. 51.

259 Parliament of Australia, 2004, *Learning to Work: Report on the inquiry into vocational education in schools*, House of Representatives Standing Committee on Education and Training, Canberra.

5.188 Additionally, the Government is establishing 24 Technical Colleges for years 11 and 12 students. The College will focus on students enrolled in School-based New Apprenticeships as well as business and other academic studies. The Colleges, with the first to commence in 2006 and implemented across 24 regions by 2008, are to be based in regions with reported skill shortages, a strong industry base, and a significant youth population.²⁶⁰

In summary

5.189 The Committee considers that the approach taken by the BSL as a model for assisting long-term unemployed persons has broader applicability. In concert with active participation requirements, and specialised assistance for individual needs, providing this framework would prevent persons moving into long-term unemployment.

- community engagement;
- intensive support;
- pre-vocational training;
- work experience;
- vocational traineeships;
- post-placement support; and a
- whole of government approach.

5.190 The Committee acknowledges that many components of this type of service delivery are present in many government and non-government programs but it is the holistic nature that will result in the best outcomes.

5.191 This service delivery also needs to be combined with support for attitudinal change of employers to ensure that mature age workers, and people with a disability, as examples, have much to offer and much to gain through increased participation in paid work. Financial disincentives such as in superannuation and taxation arrangements also continue to require attention.

²⁶⁰ Ms Mary Johnston, Branch Manager, Australian Technical Colleges, Department of Education Science and Training, *Transcript of Evidence*, 17 February 2005, pp. 19-20; Department of Education, Science and Training; *Exhibit No. 97, Australian Technical Colleges, A Discussion Paper*.

6

Conclusion

- 6.1 The Committee is confident that increasing the overall participation in paid work is an achievable outcome for Australia. In 2003, OECD figures place Australian workforce participation at 11th out of 28 countries.¹ In addition to increasing participation in paid work, significant improvements are required in the health system to reduce the expected increasing costs of health and aged care associated with an ageing population.²
- 6.2 In early 2005, Australia continued the trend of lowering unemployment with a rate of 5.1 per cent. Jobs growth has continued and current participation rates are at 64.1 per cent, with 71.7 per cent for men and 56.6 per cent for women.³ Changes in the labour force between 1998 and 2004 indicate that the total number of persons employed grew by ten per cent. This included an increase of seven per cent in full-time employment and 20 per cent in part-time employment. Recent labour market figures indicate that 6 out of 10 jobs have been full-time, and 6 out of 10 positions have been for women.⁴ Part-time employed persons now account for 28 per cent of all employed persons. In 2003, 27.6 per cent of all wage and salary earners were in a casual job.⁵
- 6.3 Ideally, the increasing employment and participation in paid work will lead to greater security and improved quality of life for many particularly for those who are on low incomes or receiving government assistance. For

1 Organisation for Economic Co-operation and Development, (2005) *Economic Survey of Australia, 2004*, Policies to lower unemployment and raise labour force participation, Participation rates in OECD countries, Figure 1, p. 2.

2 Productivity Commission (2004) *Economic Implications of an Ageing Australia, Draft Research Report*.

3 Australian Bureau of Statistics (2005) *Labour Force, Australia*, January 2005, (Cat. No. 6202.0).

4 Australian Bureau of Statistics (2005) *Year Book 2005*, (Cat. No. 1301.0) pp. 165.

5 Australian Bureau of Statistics *Employee Earning, Benefits and Trade Union Membership* (Cat. No. 6310.0).

businesses, the benefits of growth are also coupled with concern regarding skill shortages in specific industry areas and regions.⁶

- 6.4 This strong economic environment provides an excellent opportunity to establish incentives and assistance for those who are not currently in the labour force to contribute more fully in paid work, to their level of ability. Since this inquiry was referred in 2003, there has been greater discussion of the:
- ageing of the Australian population,
 - Indigenous workforce participation
 - value of mature age workers,
 - need to support parents with more family-friendly work environments, and
 - need to assist and encourage people with disabilities to take up work opportunities that provide a choice of working arrangements.
- 6.5 The Committee received over 100 submissions and conducted 21 consultations with more than 100 witnesses to gather evidence for the inquiry. A wide range of strategies were presented and discussed: from a predominantly business perspective of reducing regulation and financial disincentives, to social service advocacy for greater customised support, protections in the labour market and a change in many employers' attitudes.
- 6.6 Both perspectives highlighted the need for a targeted approach to assist those most in need and remove the disincentives from individuals and from businesses to create a more productive climate for employment.
- 6.7 Assisting individuals in various client groups into employment, especially for those with multiple disadvantages will be one of the most positive and productive contributions that can be made to improve Australian society. The holistic approach of BSL, originally designed to assist those who had been long-term unemployed, has the potential for broader application in concert with the availability of stable employment opportunities and active participation requirements.
- 6.8 This BSL approach includes community engagement, intensive support, pre-vocational training, work experience, vocational traineeships, post-placement support, and a whole of government approach.

6 Australian Industry Group (2004) *Australia's skills gap, costly, wasteful and widespread*, pp. 5-7.

- 6.9 In addition to those that have been unemployed for long periods, the client groups that were identified as having the greatest potential to increase their participation in paid work include mature age workers, parents and carers, Indigenous Australians and people with a disability. In addition, migrants and young people have significant potential to increase their participation. Strategies to assist increase participation across these target groups mainly include:
- developing capacity, such as improved education, skills and health;
 - improving incentives, such as adjusting income support, retirement benefits and taxation; and
 - encouraging variable work options, such as family friendly workplaces, and adjusting workplace relations to maximise worker, business and industry requirements.

Client Groups

Mature age workers

- 6.10 Increasing opportunities for mature age workers to participate in the workforce more fully is necessary because of the need to consider retirement financial security, health and wellbeing. This is the proportion of the population that will increase most with the demographic changes. Therefore, efforts to support, encourage and increase mature age participation are essential to improve standards of living and economic growth. Mature age people often provide a valuable voluntary contribution to society and this needs to be balanced with paid part-time opportunities.
- 6.11 There is a strong relationship between ageing and disability, so there is considerable overlap in the strategies needed for some workers. The Committee believes that strategies that will most support increased participation are:
- increasing re-skilling and training opportunities for older people to adjust to changing labour market needs, including information and communication technologies;
 - increasing support for transition for return to work and where possible, addressing disincentives such as exist in superannuation schemes; and

- reducing discrimination and educating employers to increase the diversity of the workforce, and particularly in service organisations supporting employment.

Parents and carers

6.12 The vast majority of couple families with dependants have at least one member in the labour force, with a less than 4 per cent unemployment rate.⁷ For sole parents the unemployment rate is nearly four times higher. The higher rate of joblessness is associated with lower skill levels, in addition to their sole responsibility for the care of their children. The Committee notes that childcare costs may contribute to higher joblessness rates for those with a decreased earning capacity. Family friendly working arrangements are needed to provide more flexibility to support caring responsibilities, for elder care, childcare and for those with other caring responsibilities. Effective strategies also include:

- programs to support the transition from parenting to work and raising skill levels;
- participation requirements for parents once their children reach a certain age; and
- improved access and support for childcare, and respite care including elder care.

Indigenous Australians

6.13 Indigenous people have lower labour force participation rates and they are more likely to be unemployed. Since 1994 employment rates have been more positive, but, given the younger age profile and generally earlier school leaving age compared to non-Indigenous Australians, significant efforts are required to keep improving outcomes.⁸ The Committee considers that the BSL holistic approach could have significant applicability to Indigenous persons because of the community engagement and more intensive support.

6.14 Given the higher proportion of Indigenous people in rural and remote areas, strategies that impressed the Committee as having more positive outcomes include:

7 Department of Employment and Workplace Relations, *Submission No. 72*, p. 5.

8 Australian Bureau of Statistics (2004) *National Aboriginal and Torres Strait Islander Survey 2002* (Cat. No. 4714.0), pp. 10-11.

- complementary strategies which address structural issues in communities, such as improving infrastructure and health;
 - support for developing business opportunities; and
 - use of Indigenous Employment Centres providing central job seeking support and initiatives that look beyond Community Development Employment Projects to independent employment.
- 6.15 The Committee acknowledges that the remoteness of some indigenous communities pose further challenges to increasing economic growth and employment participation.

People with a disability

- 6.16 Disability is associated with both significant disadvantage in the labour market and higher rates of welfare dependence. Many people with a disability are motivated to participate in employment to their capacity and are seeking support to accomplish a better standard of living and quality of life. Discrimination against people with a disability appears to be a major inhibitor to improving workforce participation. It has also been shown that there are significant benefits to those workplaces that have employed people with a disability in terms of attendance and morale.⁹
- 6.17 Additionally, the Committee noted the increase in reliance on income support, particularly the DSP over the last 20 years. Reviewing eligibility for the DSP may be a possibility for the future but assisting into paid work those who currently receive the pension has to be a priority.
- 6.18 Feedback from a Job Network evaluation of the DSP pilot found that many DSP recipients voluntarily wanted to participate in paid work for social and economic reasons. Therefore Intensive Support measures are productive.¹⁰
- 6.19 The use of Job Network providers that are equipped to assist people with disabilities may provide greater rates of participation. However, the higher costs of this assistance may need to be considered in a broader

9 Employers Making a Difference, *Submission No. 70*, p. 2.

10 Mr Graham Carters, Group Manager, Working Age Policy Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 February 2005, pp. 6-13; DEWR, *Exhibit No. 96: Job Network Disability Support Pension Pilot: Interim Evaluation Report*, October 2004, Executive Summary, pp. 1-2.

Australian Government budgetary perspective, as there has been greater than anticipated expenditure for the Job Network.¹¹

6.20 The request for additional funding has been attributed to the payment on demand of an outcomes approach of the system with higher than expected placements due to the growing economy.¹² Increased support for specialist disability employment services may be warranted to meet such demand. The benefits of Intensive Support are consistent with the recommendations on community and whole of government approaches, outlined in the report.

6.21 Additionally, and very importantly, while there is value in recognising some good employers of people with disabilities, more is needed. There is a need for significant industry and business change in understanding of disability issues as:

... [Job Network] providers found that there was a need for concerted efforts to address employer barriers (discrimination) to employ people with a disability.¹³

Broader issues

6.22 Considerable evidence was received by the Committee on the need to improve financial incentives for participating in paid work. In summary the most productive areas of financial incentive reform were considered to be:

- reduce the stacking of income tests and address the different tests for pensions compared to allowances;
- review taper rates;
- address very high effective marginal tax rates; and
- increase the tax-free threshold.

6.23 A review of high effective marginal tax rates has been recommended by this Committee and was also identified in the *OECD Economic Survey of Australia, 2004* report as an issue requiring action.¹⁴

11 House of Representatives, Appropriation Bill (No. 4) 2004-05: Mr Christopher Pearce, MP, Second Reading Speech, 10 February 2005.

12 Mr Graham Carters, Group Manager, Working Age Policy Group, Department of Employment and Workplace Relations, *Transcript of Evidence*, 17 February 2005, p. 10.

13 Department of Employment and Workplace Relations, *Exhibit No. 96: Job Network Disability Support Pension Pilot: Interim Evaluation Report*, October 2004, Executive Summary, p. 17.

- 6.24 The Committee notes the need to balance active participation requirements with positive employment assistance. Penalties for non-compliance are necessary, however they should not be too severe so as to compound disadvantage. The Working Credit scheme and the flexibility of Job Seeker accounts have received positive reports from DEWR in improving the transition for those on income support to access employment.
- 6.25 Increased government coordination at Australian, State and Territory and local levels was an area that was highlighted as needing improvement to assist job seekers. The Committee anticipates that recent changes to Australian Government administrative arrangements such as the consolidation of service delivery through the newly formed Department of Human Services and the transfer of employment assistance to DEWR will enhance service delivery and reduce overlap.
- 6.26 Effective regional development can only progress through a collaborative effort between all tiers of government. Regional businesses contribute significantly to Australia's income from export earnings. However remoteness, lack of infrastructure, labour shortages and lack of transportation reduce the effectiveness of rural areas ability to raising participation in paid work. Skills development projects are needed to complement regional development initiatives, such as improving information technology and telecommunications. Additionally relocation incentives and assistance were considered worthwhile.
- 6.27 The Tasmanian Government urged that in the development of national programs, consideration should be given to:
- focus on practical initiatives tailored for regional needs rather than a national generalised strategies;
 - provide flexible administration arrangements, in consultation with Local and State governments and other key players; and
 - integrate economic development with other policy areas, especially social development and environmental management.¹⁵
- 6.28 Both demand and supply issues need to be addressed to increase workforce participation. Recent increases in the number of job vacancies indicate the continuation of a growing economy with an increasing demand for workers. However, employers will not take on new workers

14 Organisation for Economic Co-operation and Development (2005) *Economic Survey of Australia, 2004*, Policy Brief, p. 3.

15 Tasmanian Government, *Submission No. 102*, p. 20.

unless there is the right skills match and job readiness.¹⁶ Therefore, the supply of skilled workers is an emerging concern.

- 6.29 A further concern for business and employers is the level of regulation. Businesses indicate that costs and regulation can reduce the willingness to employ.
- 6.30 Several views were expressed on the issue of industrial relations reform. During evidence, hearings and Committee consideration, there was ongoing discussion on the potential for industrial relations reform to increase workforce participation. Given the industrial relations reform agenda underway by the Australian Government, the Committee has sought to make only a few recommendations in this area.
- 6.31 Policy approaches leading to strategies to increase full-time jobs are different to increasing part-time and casual jobs. A vision of Australia for 2030 needs to identify the proportion of low skill employment and industries desirable compared to other Australian industries, and employment in a global economy. The investment in training and education provides a good skills base to assist Australia in attracting investment in high performing industries that create jobs.
- 6.32 The Committee notes that there is a need for all job types to be created in order to provide flexibility for workers. Part-time and casual work can at times provide a stepping stone to full-time employment, and also have a role to play as part of a suite of employment arrangements that may suit employers and employees at different times.
- 6.33 From the substantial evidence received and research undertaken the Committee concludes there is considerable scope to increase participation in the workforce through an appropriate mix of participation requirements, incentives and assistance programs. In particular, the recommendations of this report address the need to:
- change cultural attitudes around mature age workers, and those with a disability;
 - provide targeted transition programs from long-term unemployment into paid employment;
 - support parents and carers into employment through flexible work arrangements;

16 Mr Peter Anderson, Australian Chamber of Commerce and Industry, *Transcript of Evidence*, 5 November 2003, p. 3.

- increase the effectiveness of government, community and business in coordinated initiatives; and
- improve the financial incentives to encourage participation for those not currently in the labour force.

Mr Phillip Barresi MP

Chair



Dissenting Report—Mr Brendan O'Connor MP, Mr Tony Burke MP, Ms Annette Ellis MP, Ms Jill Hall MP

All Committee members agreed that paid employment is important in reducing social disadvantage and improving living standards, but dissenting members have disagreed in a number of areas.

Although the majority of recommendations were supported unanimously, three of the twenty-three recommendations attracted opposition.

The dissenting members of the Committee considered it essential to explain why three recommendations were not acceptable.

Further, the dissenting members have proposed additional paragraphs and recommendations that were not acceptable to the majority sitting on the Committee.

Reasons for Opposing Recommendations:

Recommendations 1, 9 and 14 are opposed by dissenting Committee members.

Employment Conditions

Recommendation 1:

The Committee recommends that the Australian Government pursue strategies for further award simplification by reducing the number of allowable matters and encouraging greater workplace customisation to suit industry and regional conditions.

The dissenting members consider the above recommendation to be contrary to the evidence received. On no occasion had evidence supported the assertion that reducing allowable matters in federal awards would have any bearing upon improving participation in the paid workforce.

On the contrary, the Committee was provided with evidence that suggested that improving award provisions would assist balancing work and family. These provisions include paid parental leave or job sharing and would increase workforce participation. Further although submissions and witnesses asserted the need to deregulate current laws to improve workforce participation, there was no evidence to support that proposition.

Further, although there were assertions made by DEWR, the IPE, and ACCI that further deregulation was required, there was no evidence that illustrated why workplaces could not change for the better by having certified agreements rather than relying solely upon federal awards.

The dissenting members would therefore delete the Committee's Recommendation 1 and replace it with the following:

Proposed Recommendation 1:

The committee recommends that the Australian Government pursue strategies to improve participation in the workforce by encouraging employment conditions that are mutually beneficial such as job sharing, permanent part-time work and paid parental leave.

Casual and part-time employment

Recommendation 9

The Committee recommends that the Australian Government examine mechanisms to remove barriers to the employment of part-time and casual employment in industrial awards and other industrial arrangements.

The dissenting members oppose Recommendation 9 above for a variety of reasons. The bulk of the evidence provided to the Committee establishes that the growth of casual and part time jobs at the expense of permanent full time employment has been considerable.

The Committee received comprehensive evidence about the growth of casual and part-time employment and the effects of this growth over the last 20 years. Employer bodies generally considered this increase in the level of casual and part-time employment as a proportion of the paid workforce to be a benefit and thought further deregulation was required. The Employer bodies tended to use the word "flexibility" as a positive trend. In addition the evidence provided suggested that so-called flexibility referred to what was primarily beneficial for the employers and not necessarily what was good for employees or what would be mutually beneficial. Compelling evidence was provided that led dissenting members to conclude that casual and part-time work was rife in certain industries

and occupations and was not the preferred form of employment for many employees.

Paragraph 2.56 of the Report explains that casual employment in 2003 had reached 27.6 percent of total employment. Since 1988 the proportion of total employment that involves casual employment has grown by an alarming 50 percent.

Paragraph 2.58 explains that Australia's level of casual employment is one of the highest amongst all OECD countries.

Furthermore, the evidence provided to the Committee also highlighted that part-time work had grown. Although part-time work was the choice of some employees many others were seeking further work.

Paragraph 2.64 contains evidence that the growth of part-time and casual jobs was not evenly distributed across all occupations, but occurred primarily in low paid employment. The dissenting members consider this inequity to compound the existing economic and social disadvantage experienced by employees in low paid employment. Other evidence found in Paragraphs 2.65 to 2.69 illustrated other problems associated with casual and part-time work such as lack of training, inability to save, inability to secure a home loan and difficulties balancing responsibilities of work and family.

Although dissenting members consider that there will always be a place for casual and part-time employment we do not agree that the growth in both employment areas has always been beneficial to many workers and their families.

Consequently the dissenting members were disappointed that the Committee sought to endorse a recommendation that was inconsistent with the evidence received.

The dissenting members therefore cannot support recommendation 9 and instead propose:

Proposed Recommendation 9:

The Committee recommends that the Australian Government undertake a comprehensive study on the growth of casual and part-time employment and the social and economic effects of such growth. Such a study should identify the impact upon industries, occupations, gender and age groups. Further the study should identify the adverse social impact of this employment trend upon employees and their families and develop strategies to provide more secure employment wherever possible, thereby encouraging greater workforce participation.

Disability Support Pension

Recommendation 14

The Committee recommends that the Australian Government introduce increased work capacity provisions in determining eligibility for those in receipt of the Disability Support Pension.

The dissenting Committee members note that while the Job Network Disability Support Pension pilot has shown some promise in assisting people on the DSP to gain employment, there are areas which require greater investigation before any long term conclusions can be made. Specific concerns include:

- The fact that the pilot participants were self-selecting and the fact that inconsistent methods were used to advertise the program¹ may have provided an unrepresentative participant population. This potential bias is reflected in the participants' age breakdown. The participants included in this study appear to include more people in the younger age brackets than the general DSP Population².
- The timing of the pilot does not give an adequate indication of the long-term effectiveness of the program.

Even if the participant samples used in the Job Network Disability Support Pension pilot are assumed to be representative of the DSP population and the results are indicative of long term outcomes for the participants, the results do not support an argument in favour of changing the DSP eligibility requirements:

- Approximately 30 per cent of people who initially met with a provider were filtered out because of ineligibility, unsuitability or a reluctance to participate.³ Of the 788 people who were "engaged" by the pilot, 74 exited before commencing Intensive Support customised assistance and a further 88 exited during the program. At the end of September 2004 only 583 or 51.59% of the 1130 people who originally met with the providers were still in assistance or had been placed. 239 people (21.15% of those originally met) had been placed in either employment

¹ *Committee Hansard*, 17 February 2005, p. 6 (Carters, DEWR)

² http://www.jobable.gov.au/home/DSP_Pilot_Interim_Evaluation.asp

³ http://www.jobable.gov.au/home/DSP_Pilot_Interim_Evaluation.asp

or education and 344 (30.44% of those originally met) were still in need of assistance.

- Less than half of the pilot participants and less than a quarter of DSP recipients who initially met the providers were successfully placed in employment or education⁴. If this sample is representative then more than half of the DSP population could be penalised by the proposed changes to the DSP eligibility requirements despite their desire to look for work.

The cost of the DSP pilot was around \$1.3 million, or between \$1100 and \$1900 per participant, depending on how cost per participant is measured.⁵ This is far more than is spent on an average jobseeker.

Despite greater funding, their apparent enthusiasm and younger demographics, less than half of the Job Network DSP pilot participants were placed in employment or education. Therefore, far greater levels of support will be needed, than is generally offered and than was offered by the pilot, to help more DSP recipients move into the workforce.

The Job Network Disability Support Pension pilot used Specialist Job Network Providers as opposed to the Open Employment Services⁶. A future pilot may generate more conclusive results if Open Employment Services are included in the program.

Amending the eligibility requirements for the Disability Support Pension could potentially place a greater burden on service providers such as Open Employment Services who are limited in the amount of support they can provide for DSP recipients by a financial cap⁷.

The dissenting members therefore cannot support recommendation 14 and instead propose:

Proposed Recommendation 14

The Committee recommends that programs such as the pilot study be expanded and modified to:

- **Include a more representative sample of the DSP recipient population;**

⁴ http://www.jobable.gov.au/home/DSP_Pilot_Interim_Evaluation.asp

⁵ Senate Estimates Hansard, Employment, Workplace Relations and Education Committee, 17 February 2005, pp 73-95.

⁶ *Committee Hansard*, 17 February 2005, p. 10 (Carters, DEWR)

⁷ *Committee Hansard*, 17 February 2005, p. 10 (Carters, DEWR)

- **Extend the timeline of the study to measure the long term success of participant placements;**
- **Measure the successful placement of different demographics and disability types to gauge what benefits are gained by different sub-groups within the DSP population.**
- **Include the Open Employment Services in the pilot to determine the effectiveness of different disability employment service providers.**

Proposed Recommendation 14A

The Committee recommends that the eligibility requirements for the Disability Support Pension retain the 30 hour a week test for continuing inability to work.

Mr Brendan O'Connor MP
Deputy Chair

Mr Tony Burke MP

Ms Annette Ellis MP

Ms Jill Hall MP



Conduct of the inquiry

Advertising the inquiry

The inquiry was advertised in *The Australian*, *Adelaide Advertiser*, *Canberra Times*, *Australian Financial Review*, *Hobart Mercury*, *NT News*, *Courier Mail* and the *Western Australia* newspapers on 2 July 2003. The Committee also advertised in regional newspapers such as *The Land*, *Queensland Country Life*, *Stock and Land*, *The Countryman*, *Newcastle Herald* and the *Weekly Times* on 27 and 28 August 2003. The Committee wrote to the relevant Commonwealth Ministers and to State and Territory Governments. In addition the Committee wrote to a range of organisations, including disability groups, academics, unions, local councils, media organisations, businesses and individuals.

Evidence to the Inquiry

The Committee received 107 submissions and 18 supplementary submissions. These submissions are listed in Appendix B.

The Committee received 97 exhibits to the inquiry, which were provided as attachments to written submissions or received during public hearings or sent to the Committee by other parties. These are listed in Appendix C.

Public hearings

The Committee held public hearings across Australia in Canberra, Sydney, Brisbane, Newcastle, Melbourne, Adelaide, Perth, and held three video conferences.

The Committee called 119 witnesses. These witnesses are listed in Appendix D.

Transcripts of hearings

At the public hearings over 700 pages of evidence were recorded by Hansard. The transcripts and the submissions, which have been published are available for inspection from the Committee Office of the House of Representatives, the National Library of Australia or on the inquiry website at:
<http://www.aph.gov.au/house/committee/ewr/emp/index.htm>



List of submissions

No.	Individual/Organisation
1	Mr Bruce Hutchison, SA
2	Mr Graham Thomas, NSW
3	Australian Institute of Management, VIC
4	Mr Martin Richardson, QLD
5	Mr Geoff Cripps, NSW
6	Mr Frank Hunt, VIC
7	Dr Elizabeth Webster, VIC
8	Dr Siobhan Austen, WA
9	Mr Jim Robbins, QLD
10	Ms Heather Moyes, SA
11	Ms Mae Mulheran, QLD
12	Grafton City Council, NSW
13	Mr Philip Starks, VIC
14	Corston Pty Ltd, SA
15	Cobar Shire Council, NSW
16	Dr Robert Dixon, VIC
17	Women with Disabilities Australia, TAS
18	City of Kalgoorlie-Boulder, WA
19	Mr Daniel Hewlett, NSW

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- 20 East Coast Apprenticeships, QLD
- 21 CONFIDENTIAL
- 22 University of South Australia
- 23 Ms Sherri Stephens-Green, NSW
- 24 Australian Institute of Medical Scientists, QLD
- 25 Ms Diana Rickard, NT
- 26 Mr Jerry Cleary, QLD
- 27 Dr Roger Wilkins, Melbourne Institute of Applied Economic and
Social Research
- 28 Master Cleaners Guild of WA (Inc)
- 29 Lifeline Australia Inc, ACT
- 30 Carers Australia Inc, ACT
- 31 Recruitment and Consulting Services Association, VIC
- 32 Mid West Development Commission, WA
- 33 Mrs Bernice Pratt, SA
- 33a Mrs Bernice Pratt, SA
- 34 Logan City Council, QLD
- 34a Logan City Council, QLD
- 35 City of Swan, WA
- 36 Nambucca Heads Chamber of Commerce and Industry, NSW
- 37 Gulf Savannah Development Inc, QLD
- 38 Council on the Ageing (NSW)
- 38a Council on the Ageing (NSW)
- 39 CONFIDENTIAL
- 40 Mr Seth Vruthan, WA
- 41 Mr Lewis Fitzpatrick, VIC
- 42 Mr Jeremy O'Sullivan, VIC
- 43 Associate Professor Alaric Maude and Associate Professor Andrew
Beer, SA

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- 44 Institute for Private Enterprise, VIC
- 45 Australian Sugar Milling Council Pty Ltd, QLD
- 46 Central Western Regional Development Board, NSW
- 47 Royal Society for the Blind of South Australia Inc
- 48 Society for Australian Industry and Employment Inc, VIC
- 49 Barossa Light Development Inc., SA
- 50 Ms Alice Baker, NSW
- 51 Professor Ian McDonald, VIC
- 52 Country Women's Association of Australia, QLD
- 53 Australasian Institute of Mining and Metallurgy, VIC
- 54 Business Council of Australia, VIC
- 55 Ms Lynne Mitchell, ACT
- 56 Mr Kevin Brennan, QLD
- 57 Jedda Boomerangs, NSW
- 58 Mr John Rackley, QLD
- 59 Ms Zoe Russell, NSW
- 60 Centre of Full Employment and Equity, NSW
- 60a Centre of Full Employment and Equity, NSW
- 61 Master Builders Australia Inc., ACT
- 61a Master Builders Australia Inc., ACT
- 62 Mr Kenneth Graham, QLD
- 63 Australian Chamber of Commerce and Industry, ACT
- 64 Australian Industry Group, NSW
- 65 National Farmers' Federation, ACT
- 66 Hunter Councils, NSW
- 67 Blind Citizens Australia, VIC
- 68 Northern Territory Government
- 69 Australian Council of Trade Unions

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- 70 Employers Making A Difference, NSW
- 71 Dr John Schmuttermaier, QLD
- 72 Department of Employment and Workplace Relations
- 72a Department of Employment and Workplace Relations
- 72b Department of Employment and Workplace Relations
- 73 The Treasury
- 73a The Treasury
- 73b The Treasury
- 74 Australian Council of Social Service, NSW
- 75 Professor Peter Saunders, NSW
- 75a Professor Peter Saunders, NSW
- 76 Physical Disability Council of Australia Ltd, QLD
- 77 NSW Nurses Association
- 78 Manpower Services (Australia) Pty Ltd, NSW
- 79 Shop Distributive and Allied Employees' Association, VIC
- 80 Combined Pensioners and Superannuants Association of NSW Inc.
- 81 Brotherhood of St Laurence, VIC
- 81a Brotherhood of St Laurence, VIC
- 82 National Association of Retail Grocers of Australia Pty Ltd, NSW
- 83 Council for Thuringowa City, QLD
- 84 Ms Linda Gant, NSW
- 85 United Services Union, NSW
- 86 COTA National Seniors Policy Secretariat, VIC
- 87 Queensland Government
- 88 Women's Action Alliance, VIC
- 89 Underemployed People's Union WA Inc.
- 90 MS Australia, VIC
- 90a MS Australia, VIC

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- 91 Australasian Centre on Ageing, QLD
- 92 Catholic Women's League (Tasmania) Inc.
- 93 Department of Education, Science and Training
- 93a Department of Education, Science and Training
- 93b Department of Education, Science and Training
- 94 Disability Action Inc., SA
- 95 Mr Andreas Makarewitsch, VIC
- 96 National Ethnic Disability Alliance\Physical Disability Council of Australia, NSW
- 97 Westpac Banking Corporation
- 98 St Vincent de Paul National Council of Australia, NSW
- 99 Department of Family and Community Services
- 99a Department of Family and Community Services
- 99b Department of Family and Community Services
- 100 H R Nicholls Society Inc., VIC
- 101 Ms Lenore Grunsell, NSW
- 102 Tasmanian Government
- 103 Australian Federation of Deaf Societies, NSW
- 103a Australian Federation of Deaf Societies, NSW
- 103b Australian Federation of Deaf Societies, NSW
- 104 Mission Australia, NSW
- 105 Mr Loris Hemlof, SA
- 106 Women's Electoral Lobby, WA
- 107 Australian National Training Authority



List of exhibits

No.	From	Exhibit Title
1	University of Melbourne	<i>Long-Term Unemployment and Work Deprived Individuals: Issues and Policies</i> , by A M Dockery and E Webster
2	Ms K McCready	A Community Development Job Guarantee, by William Mitchell, Sally Cowling and Martin Watts, Centre of Full Employment and Equity, University of Newcastle, April 2003
3	Mr Marcus L'Estrange	Press articles by Marcus L'Estrange on unemployment
4	Australian Institute of Management	Snapshot of Labour Shortages and Avenues of Supply, 2002, Source: US Census Bureau
5	Brotherhood of St Laurence	<i>Much obliged</i> . Disadvantaged job seekers' experiences of the mutual obligation regime Brotherhood of St Laurence, St Vincent de Paul Society and University of Melbourne Centre for Public Policy 2003
6	University of Melbourne	<i>Changes Over Time in the Male and Female Employment Ratios in Australia: The Role of Changes in the Age Distribution of the Population</i> Research paper by Dr R Dixon

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| 7 | ACT Council of Social Services | <i>Reducing Inequality: Economic and Employment Policy in the ACT</i> , ACTCOSS policy paper, February 2003 |
| 8 | Dr Roger Wilkins | <i>Labour Market Outcomes and Welfare Dependence of Persons with Disabilities in Australia</i> . Melbourne Institute Working Paper No. 2/03 |
| 9 | Dr Roger Wilkins | <i>Reliance on Income Support in Australia: Prevalence and Persistence</i> , Melbourne Institute Working Paper No. 6/02 |
| 10 | University of Melbourne | <i>The Effects of Changes in Family Composition and Employment Patterns on the Distribution of Income in Australia: 1982 to 1997-1998</i> . Melbourne Institute Working Paper No. 19/03 |
| 11 | Lifeline Australia Inc | <i>Pathways to education and employment</i> . Final Report 6 December 2002 |
| 12 | Institute for Private Enterprise | <i>Australian Bulletin of Labour</i> , National Institute of Labour Studies, Flinders University, Adelaide, Vol. 28 No.3 September 2002 |
| 13 | Institute for Private Enterprise | <i>Upholding the Australian Constitution</i> , The Samuel Griffith Society - Proceedings of the Thirteenth Conference of, September 2001, Vol 13 |
| 14 | Institute for Private Enterprise | <i>The Case for Further Deregulation of the Labour Market</i> . Research paper prepared by Des Moore on behalf of contributing members of the Labour Ministers' Council, November 1998 |
| 15 | Central Western Regional Development Board | <i>Central West Shift Share Analysis</i> . Prepared for the Central West Regional Development Board by the Western Research Institute, August 2003 |
| 16 | Mr Kevin Brennan | Various published research articles and papers |
| 17 | Logan City Council | Logan Employment Task Force newsletter December 2002, Volume 3 |

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| 18 | Australasian Institute of Mining & Metallurgy | <i>Globalisation of the Minerals Industry and it's Impact on the Sustainability of Human Resource Capital in the Minerals Industry, in Australia, 2002.</i>
Sustainable Development Conference, November 2002. Paper by D. Larkin, CEO |
| 19 | Business Council of Australia | <i>50+ Age Can Work. A Business Guide for Supporting Older Workers, Report by the Business Council of Australia, August 2003</i> |
| 20 | Business Council of Australia | <i>Age Can Work: The Case for Older Australians Staying in the Workforce. Report to the Australian Council of Trade Unions and the Business Council of Australia by Emeritus Professor S. Encel. Honorary Research Associate, Social Policy Research Centre, University of NSW dated April 2003.</i> |
| 21 | Business Council of Australia | <i>The Cost of Dropping Out: The economic impact of early school leaving. Report by the Business Council of Australia, dated January 2003</i> |
| 22 | Australian Industry Group | <i>Reform of the Social Safety System for Jobless Individuals and Families. Submission to the governments discussion paper on <i>Building a simpler system to help jobless individuals and families</i></i> |
| 23 | National Farmers' Federation | <i>Regional Business. A Plan for Action - Report to the Federal Minister for Transport and Regional Services. Dated June 2003</i> |
| 24 | National Farmers' Federation | <i>Harvesting Australia. Report of the National Harvest Trail Working Group, June 2000</i> |
| 25 | National Farmers' Federation | <i>Labour Market Adjustment in Regional Australia. Research Discussion Paper by Jeremy Lawson and Jacqueline Dwyer, 2002-04 , Economic Group, Reserve Bank of Australia</i> |
| 26 | National Farmers' Federation | <i>Skill needs now and in the future in the rural industry. Report to the Minister for Education, Training and Youth Affairs buy the Rural Industry Group of the National Farmers' Federation, February 2001</i> |
| 27 | National Farmers' | <i>Estimating Farm Labour Trends in Australia, by</i> |

	Federation	Anne M. Garnett, Economics Programme, Murdoch Business School, Murdoch University and Philip E.T Lewis, The Centre for Labour Market Research, University of Canberra
28	Physical Disability Council of Australia Ltd	Physical Disability Council of Australia Ltd, Submission to Senate Inquiry into Poverty
29	Physical Disability Council of Australia Ltd	Physical Disability Council of Australia Cost Benefit Analysis - Cost of Disability
30	Ms Barbara Gabogrecan	Survey Results. The Importance of Training and Employment to Business Growth - Executive Summary
31	Department of Employment and Workplace Relations	<i>Small Area Labour Markets</i> – March Quarter 2003, Employment Analysis and Evaluation Group, Australia. Economic and Labour Market Analysis Branch
32	Westpac Banking Corporation	Westpac 2003 Social Impact Report
33	National Ethnic Disability Alliance\Physical Disability Council of Australia	The NEDA submission to the Commonwealth Government called <i>Building a Simpler System to Help Jobless Families and Individuals</i> , 2002
34	Ms Lenore Grunsell	Letter to NSW Education department
35	Centre for Independent Studies	<i>A Self-Reliant Australia - Welfare Policy for the 21st Century</i> . Centre Independent Studies Occasional Paper 86 by Peter Saunders dated 2003
36	Centre for Independent Studies	<i>Poor Laws (3) How to Reform the Award System and Create More Jobs</i> . Centre for Independent Studies Issue analysis No. 41 by Kayoko Tsumori dated 10 November 2003
37	National Association of Retail Grocers of Australia Pty Ltd	Review of Retail Trading Hours in Western Australia. Submission by the National Association of Retail Grocers of Australia Pty Ltd April 2003

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| 38 | National Association of Retail Grocers of Australia Pty Ltd | Graph - Top 5 Grocery Retail Chains Share of Trade – AC Nielsen Retail Service |
| 39 | National Association of Retail Grocers of Australia Pty Ltd | Small wineries being crushed by giants - Press article by Simon Evans |
| 40 | National Association of Retail Grocers of Australia Pty Ltd | Graphs - Retail Grocery Market Share Overseas Comparisons |
| 41 | National Association of Retail Grocers of Australia Pty Ltd | Table - Woolworths/Coles BiLo 2000-2002 - The Growing Market Stranglehold of Woolworths and Coles BiLo |
| 42 | National Association of Retail Grocers of Australia Pty Ltd | Press article – ‘Boral ruling calls for section 46 review’, <i>Australian Financial Review</i> March 4, 2003 |
| 43 | National Association of Retail Grocers of Australia Pty Ltd | Table - The Growing Stranglehold of the Major Supermarket Chains - The Decline in Independent Stores. <i>Foodweek</i> October 23, 2000 (ABS) Retail World Annual Reports 1992, 1999 |
| 44 | Council on the Ageing NSW | Pamphlet - Mature Age Employment Network |
| 45 | Council on the Ageing NSW | <i>Mature Age Employees - What's in it for me as an employer?</i> Information sheet by the State Chamber of Commerce (NSW), October 2001 |
| 46 | Council on the Ageing NSW | ‘Generation X doesn't want to work as hard’ Press cutting, <i>Sydney Morning Herald</i> , 4 February 2004 |
| 47 | Council on the Ageing NSW | ‘Same old story stops mature jobseekers’. Press cutting, <i>Sydney Morning Herald</i> , 4 February 2004 |
| 48 | East Coast Apprenticeships | Confidential |
| 49 | Department of Education, Science and Training | <i>Adult Learning in Australia</i> . A consultation paper by the Department of Education, Science and Training |

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| 50 | Department of Education, Science and Training | Celebrating Mature Age Training Excellence. Showcasing industry case studies across Tourism and Hospitality |
| 51 | National Farmers' Federation | <i>On Track - Real Skills Rural Future</i> . Rural Skills Australia information brochure |
| 52 | National Farmers' Federation | National Harvest Labour Information Service - <i>Making sure Growers and Jobseekers find each other</i> . Information brochure from Harvest Trail |
| 53 | Women's Action Alliance | It's the family ties that bind, Press article from <i>The Age</i> , 16 February 2004 |
| 54 | Women's Action Alliance | Confidential Letter |
| 55 | Women's Action Alliance | Measuring the value of unpaid household, caring and voluntary work of older Australians. Research Paper No. 34, October 2003, by David de Vaus, Mathew Gray and David Stanton, Australian Institute of Family Studies |
| 56 | MS Australia | <i>When discrimination is OK</i> , Journal article from HR Monthly, December 2000 |
| 57 | MS Australia | <i>Transforming Disability into Ability. Policies to promote work and income security for disabled people</i> , OECD, 2003 |
| 58 | MS Australia | <i>Factors that influence employer decisions in hiring and retaining and employee with a disability</i> . Joe Graffam, Alison Shinkfield, Kaye Smith and Udo Polzin, Institute of Disability Studies, and School of Psychology, Deakin University. Journal of Vocational Rehabilitation, Vol 17, Number 3, 2002 |
| 59 | MS Australia | Employer benefits and costs of employing a person with a disability. Joseph Graffama, Kaye Smith, Alison Shinkfield and Udo Polzina - institute of Disability Studies, Deakin University |
| 60 | Council on the Ageing (NSW) | Answers to Questions on Notice. Providing evidence relating to the positive effects of employing mature age people. |

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| 61 | Council on the Ageing (NSW) | Answers to Questions on Notice. A letter from NSW Department of Education and Training to COTA, providing evidence relating to the positive effects of employing mature aged people. |
| 62 | Australian Federation of Deaf Societies | <i>Flying High - Success stories of Deaf Tasmanians.</i> Publication produced by the Tasmanian Deaf Society Inc. |
| 63 | Centre of Full Employment and Equity | CofFee Labour Market Indicators August 2003 |
| 64 | United Services Union | Employment Information Services: Info Sheet No. 1.2 NSW Local Government Employment |
| 65 | United Services Union | Employment Info Series Info Sheet No. 1.1 NSW Local Government Employment |
| 66 | Australasian Institute of Mining & Metallurgy | <i>Aboriginal Employment diversity in Rio Tinto Sustainable Development Mining Environmental Management</i> January 2004 |
| 67 | Brotherhood of St Laurence | <i>Changing Pressures 'Precarious work uncertain futures'</i> No. 10 March 2002 Brotherhood of St Laurence |
| 68 | Brotherhood of St Laurence | <i>Much Obligated Disadvantaged job seekers'</i> experiences of the mutual obligation regime May 2003 |
| 69 | Royal Society for the Blind of South Australia Inc | The Royal Society for the Blind RSB <i>Together, just see what we can do</i> |
| 70 | Hunter Councils | Hunter Councils Inc. Annual Report 2002-2003 |
| 71 | National Farmers' Federation | A report on the effect of raising minimum wages on rural businesses |
| 72 | National Farmers' Federation | <i>Taxation Zones and the City-Country Divide - A Discussion paper</i> |
| 73 | Department of Education, Science and Training | <i>Securing Success: Group practice in training people aged 45 and over who are disadvantaged in the labour market</i> |

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| 74 | Department of Education, Science and Training | <i>Securing Success</i> (Summary booklet): Good practice in training people aged 45 and over who are disadvantaged in the labour market |
| 75 | Department of Education, Science and Training | <i>PISA in Brief: From Australia's perspective - Highlights from the full Australian report</i> |
| 76 | Building Service Contractors Association of Australia - WA Inc | <i>ANTA Think Piece: The Small Business Sector and the Training Package Model</i> , Jill Gray, October 2003 |
| 77 | Building Service Contractors Association of Australia - WA Inc | <i>Effectiveness of Time Requirements in Assuring a Quality Learning Experience for Apprentices and Trainees</i> . Monash University - ACER, Centre for Economics of Education and Training, Dr Robert Sadler |
| 78 | Women's Electoral Lobby (WA) | <i>Women's Report Card. Measuring Women's Progress</i> . Western Australia Department for Community Development, Office for Women's Policy |
| 79 | Underemployed People's Union WA Inc. | <i>Underemployment - Gambling with our Future</i> Conference Report. Conference held on 29 November 2003, Curtin University. Organised by the Underemployed People's Union WA Inc, The Australian National Organisation of Unemployed (ANOU) and The Centre for Human Rights and Education, Curtin University. |
| 80 | Underemployed People's Union WA Inc. | Presentation to Standing Committee on Employment and Workplace Relations in Perth by Mary Jenkins ANOU and UPU |
| 81 | Underemployed People's Union WA Inc. | Presentation by Dr Geoff Pain to the Employment and Workplace Relations Committee |
| 82 | Women's Electoral Lobby (WA) | Three Case studies submitted by the Women's Electoral Lobby WA |
| 83 | Centre of Full Employment and Equity | <i>Unemployment and Vacancies</i> . Centre of Full Employment and Equity, University of Newcastle |
| 84 | Centre of Full Employment and Equity | 'Closing the bracket'. <i>The Australian</i> , Press article by George Megalogenis, 28 February 2004 |

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| 85 | East Coast Apprenticeships | East Coast Apprenticeships Adult Entry Program (AEP) |
| 86 | Department of Family and Community Services | <i>Factors that influence employer decisions hiring and retaining an employee with a disability.</i> Journal of Vocational Rehabilitation, 17, 2002 |
| 87 | Department of Family and Community Services | <i>Employer benefits and costs of employing a person with a disability.</i> Journal of Vocational Rehabilitation 17, 2002 |
| 88 | Department of Family and Community Services | <i>Person with a Disability.</i> Research from the Institute of Disability Studies, Deakin University |
| 89 | Department of Transport and Regional Services | <i>Regional Partnerships, An Australian Government Initiative.</i> Information folder |
| 90 | Department of Transport and Regional Services | <i>Sustainable Regions – Approved and Announced Projects as at 24 May 2004.</i> Tables summarising projects funded under the Regional Partnerships and Regional Solutions Programms |
| 91 | Department of Immigration and Multicultural and Indigenous Affairs | <i>Population Flows – Immigration Aspects 2002-03 edition.</i> Publication |
| 92 | Department of Transport and Regional Services | <i>Welfare Reform Taskforce – Regional participation Trials.</i> A short statement summarising regional participation trials being progressed under the auspices of the Welfare Reform Taskforce. |
| 93 | Department of Transport and Regional Services | <i>Council of Australian Governments (COAG) indigenous Trials.</i> A short statement summarising the Council of Australian Governments Indigenous Trials. |
| 94 | Department of Transport and Regional Services | Summary of projects approved under the Regional Solutions Programme |
| 95 | Department of Transport and Regional Services | Regional Partnerships Programme |

- 96 Department of Employment and Workplace Relations *Job Network Disability Support Pension Pilot Interim Evaluation Report, October 2004*
- 97 Department of Education, Science and Training *Australian Technical Colleges, A Discussion Paper, 2005*



List of hearings and witnesses

Wednesday, 17 September 2003 - Canberra

Department of Employment and Workplace Relations

Mr Graham Carters, Group Manager, Employment Policy Group

Mr Scott Matheson, Acting Group Manager, Employment Analysis and Evaluation Group

Ms Carolyn McNally, Assistant Secretary, Priority Groups Policy Branch

Mr Finn Pratt, Group Manager, Intensive Support Group

Mr William Traynor, Assistant Secretary, Employment Exchange Branch, Job Search Support Group

Wednesday, 8 October 2003 - Canberra

The Treasury

Mr Robert Gardner, Senior Advisor, Labour Market Participation Unit

Mr Dehne Taylor, Manager, Labour Market Participation Unit

Mr David Tune, General Manager, Social Policy Division

Wednesday, 5 November 2003 - Canberra

Australian Chamber of Commerce and Industry

Mr Peter Anderson, Director, Workplace Policy

Mr Burchell Wilson, Economist

Wednesday, 26 November 2003 - Canberra**Department of Family and Community Services**

Mr Chris Foster, Assistant Secretary, Working Age Taskforce

Dr Pamela Kinnear, Acting Director, Coordination and Research

Mr Bruce Smith, Assistant Secretary, Welfare Reform Taskforce

Ms Serena Wilson, Executive Director, Welfare Reform

Tuesday, 27 January 2004 - Sydney**Australian Industry Group**

Dr Peter Burn, Senior National Advisor, Economics and Industry Policy

Mrs Heather Ridout, Deputy Chief Executive Officer

Centre for Independent Studies

Professor Peter Saunders

Dr Kayoko Tsumori

Employers Making A Difference

Ms Suzanne Colbert, Chief Executive Officer

National Association of Retail Grocers of Australia Pty Ltd

Mr Ken Henrick, Senior Policy Adviser

Mr Alan McKenzie, Director and National Spokesman

Wednesday, 28 January 2004 - Sydney**Australian Association of the Deaf Inc.**

Mr Andrew Wiltshire, Community Liaison and Projects Officer

Australian Council of Social Service

Mr Phillip O'Donoghue, Acting Director

Mr David Thompson, Principal Policy Advisor, Office of Employment, Education and Training

Australian Federation of Deaf Societies

Ms Rebecca Ladd, Secretary/Treasurer

Mr Joseph Sabolcec, Executive Officer

Combined Pensioners and Superannuants Association of NSW Inc.

Mr Mario Mifsud, State President

Mr David Skidmore, Policy and Information Officer

Council on the Ageing (NSW)

Mr Phillip Batson

Mr Neil Tucker, Executive Director

Manpower Services Australia

Mrs Varina Nissen, Managing Director

Ms Victoria Nock, General Manager, Marketing and Knowledge

Friday, 6 February 2004 - Brisbane**Individuals**

Mr Kevin Brennan

Australasian Centre on Ageing

Professor Helen Bartlett, Director

Ms Colleen Cartwright, Senior Research Fellow

Australian Institute of Medical Scientists

Ms Jan Noble, Executive Officer

East Coast Apprenticeships

Mr Alan Sparks, Chief Executive Officer

Mr John Young, Industrial Relations Manager

Logan City Council

Mr Peter Arnall, Social Coordination Manager

Mr Gary Kellar, Chief Executive Officer, Logan Employment Task Force

University of Queensland

Dr John Schmuttermaier, Lecturer, School of Social Work and Applied Human Sciences

Wednesday, 11 February 2004 - Canberra**Department of Education, Science and Training**

Ms Anne Baly, Branch Manager, Skills Analysis and Research Strategy Branch

Ms Jessie Borthwick, Group Manager, Strategic, Analysis and Evaluation Group

Mr Benjamin Johnson, Branch Manager, New Apprenticeships Branch, Vocational Education and Training Group

Ms Mary Johnston, Branch Manager, Industry Training Branch, Vocational Education and Training Group

Wednesday, 18 February 2004 - Canberra**Lifeline Australia Inc**

Ms Catherine Blunt, National Projects Manager

Mrs Patricia Eldridge, Volunteer telephone counsellor and supervisor on call

Ms Dawn Smith, Chief Executive Officer

Ms Evelyn Wegner, Volunteer telephone counsellor

National Farmers' Federation

Ms Denita Harris, Policy Manager and Industrial Relations Advocate

Friday, 20 February 2004 - Blackburn, Vic**H R Nicholls Society Inc.**

Mr Ray Evans, President

Institute for Private Enterprise

Mr Desmond Moore

MS Australia

Mr Alan Blackwood, Manager Policy and Community Partnerships

Mr Andrew White, Board Member - NSW

Ms Jasmin Zaharijevski, MS Ambassador

Society for Australian Industry and Employment Inc

Mr Ken Aldred, President

Mr Ernest Rodeck, Honorary Chairman

Women's Action Alliance (Australia) Inc.

Mrs Isabel Schofield, State President - Victoria

Ms Pauline Smit, National Secretary

Wednesday, 3 March 2004 - Canberra**Master Builders Australia Inc.**

Mr Richard Calver, National Director, Industrial Relations and Legal Counsel

Mr Wilhelm Harnisch, Chief Executive Officer

Mr Denis Wilson, National Director Training

Westpac Banking Corporation

Ms Ilana Atlas, Group Executive, People and Performance

Mr Ross Miller, Business Unit Consultant, People and Performance

Wednesday, 10 March 2004 - Canberra**Australian Sugar Milling Council Pty Ltd**

Mr Mark Hochen, Chairman

Friday, 12 March 2004 - Newcastle**Centre of Full Employment and Equity**

Professor William Mitchell, Director

Hunter Councils Inc.

Dr Barbara Penson, Chief Executive Officer

Newcastle City Council

Mr Shawn Day, Economic Development Manager

United Services Union

Ms Lyn Fraser, Research Officer

Mr Paul Marzato, Manager, Energy and Utilities

University of Newcastle

Ms Sally Cowling, Research Fellow, Centre of Full Employment and Equity

Thursday, 18 March 2004 - Adelaide**Individuals**

Mrs Bernice Pratt

Dr Alaric Maude

Corston Pty Ltd

Mr Andrew Milchem, Managing Director

Disability Action Inc.

Ms Monika Baker, Senior Systemic Advocate

Royal Society for the Blind of South Australia Inc

Mr Peter Hall, Co-ordinator Employment Services

Mr Tony Starkey, Access Officer

Mr Andrew Daly, Executive Director

University of South Australia

Dr Kay Price, Assistant Director, Socially Sustainable Health Research Centre

Friday, 19 March 2004 - Melbourne**Australasian Institute of Mining and Metallurgy**

Mr John Dunlop, Director

Dr Ian Gould, President

Mr Don Larkin, Chief Executive Officer

Blind Citizens Australia

Ms Maryanne Diamond, Executive Officer

Ms Collette O'Neill, National Policy Officer

Brotherhood of St Laurence

Ms Maree Bovell, Training and Liaison

Mr George Housakos, Enterprise Development Manager

Mr Stephen Ziguras, Research and Policy Project Manager

COTA National Seniors Partnership

Ms Patricia Reeve, Director, National Seniors Policy Secretariat

Mr David Deans, Joint Chief Executive

Recruitment and Consulting Services Association Ltd

Ms Julie Mills, Chief Executive Officer

Mr Charles Cameron, Member

Shop Distributive and Allied Employees' Association

Mr Ian Blandthorn, National Assistant Secretary

St Vincent de Paul Society

Mr Anthony Dalton, Chair, State Social Justice Committee

Mr John Wicks, Vice President, National Social Justice Committee

University of Melbourne

Dr Roger Wilkins, Research Fellow, Melbourne Institute of Applied
Economic and Social Research

Wednesday, 24 March 2004 - Canberra**Nambucca Heads Chamber of Commerce and Industry**

Mr Richard Ellis, President

University of Melbourne

Dr Elizabeth Webster, Manager, Industrial Economics, Melbourne
Institute of Applied Economic and Social Research

Wednesday, 31 March 2004 - Canberra**National Ethnic Disability Alliance and Physical Disability Council of
Australia**

Ms Sue Egan, Executive Officer

Ms Lou-Anne Lind, Executive Officer

Individual

Professor Ian McDonald

Tuesday, 6 April 2004 - Perth**Building Service Contractors Association of Australia - WA Inc.**

Mr Mark Berry, Vice President

Mr Ian Westoby, Executive Officer

Curtin University of Technology

Dr Siobhan Austen, Co-Director, Women's Economic Policy Analysis
Unit

Dr Margaret Giles, Research Associate, Women's Economic Policy
Unit

Underemployed People's Union WA Inc.

Ms Mary Jenkins, Secretary

Dr Geoffrey Pain, Committee Member

Women's Electoral Lobby (WA)

Ms Hope Alexander, Co-Convenor

Ms Rhonda Naumann, Co-Convener, Chair of Accommodation Committee

Wednesday, 26 May 2004 - Canberra**Department of Education, Science and Training**

Ms Jessie Borthwick, Group Manager, Strategic, Analysis and Evaluation Group

Mr Benjamin Johnson, Branch Manager, New Apprenticeships Branch, Vocational Education & Training Group

Ms Mary Johnston, Branch Manager, Industry Training Branch, Vocational Education & Training Group

Department of Employment and Workplace Relations

Mr Graham Carters, Group Manager, Employment Policy Group

Ms Carolyn McNally, Assistant Secretary, Priority Groups Policy Branch

Mr Finn Pratt, Group Manager, Intensive Support Group

Department of Family and Community Services

Mr Chris Foster, Assistant Secretary, Working Age Taskforce

Mr Carl Princehorn, Director, Participation Strategies

Ms Serena Wilson, Executive Director, Welfare Reform

The Treasury

Mr Dehne Taylor, Manager, Labour Market Participation Unit

Mr David Tune, General Manager, Social Policy Division

Wednesday, 2 June 2004 - Canberra**Department of Immigration and Multicultural and Indigenous Affairs**

Ms Jennifer Bryant, Assistant Secretary, Settlement Branch

Ms Glenys McIver, Senior Adviser, Social Programs & Reconciliation Branch, Office of Aboriginal and Torres Strait Islander Affairs

Mr Neil Mullenger, Assistant Secretary, Migration Branch

Mr Abul Rizvi, First Assistant Secretary, Migration & Temporary Entry Division

Department of Transport and Regional Services

Ms Wendi Key, Assistant Secretary, Operations, Programmes Group

Mr Daniel Owen, Assistant Secretary, Regional Policy, Policy & Research Group

Thursday 17 February 2005 - Canberra**Department of Education, Science and Training**

Ms Robyn Calder, Branch Manager, Industry Training Branch

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Glossary

Definitions of employment

There is continuing debate on the adequacy of current definitions to fully reflect the level of employment and participation in the workforce. To allow comparison of findings and commentary the Australian Bureau of Statistics (ABS) definitions are frequently used in this report.

The labour force refers to persons contributing to, or actively seeking to contribute to the supply of labour. Employed persons are those aged 15 years and over who have worked for at least one hour in the week of the survey (reference week).¹ The one hour per week definition of employment is the standard adopted by the International Labour Organisation in the late 1980s.² The use of one hour a week in the reference week clearly differs from full-time workers who usually work 35 hours or more a week (in one or more jobs).³

The ABS definition of participation rate in the labour force is expressed as a percentage of the civilian population aged 15 years and over.⁴

Unemployment and under-employment

The ABS defines unemployed persons as those who were aged 15 years and over who were not employed during the survey week and had actively

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- 1 Steering Committee for the Review of Government Services Provision, (2003) *Overcoming Indigenous Disadvantage: Key Indicators 2003*, Productivity Commission, Canberra, p. xxviii, and ABS 2004, *Labour Force Australia, 2003*, February 2004, (Cat. No. 6202.0), pp. 29-30.
 - 2 Mr John Wicks, Vice President, National Social Justice Committee, St Vincent de Paul Society, *Transcript of Evidence*, 19 March 2004, p. 62.
 - 3 Australian Bureau of Statistics (2004) *Labour Force Australia*, (Cat. No. 6202.0), April 2004, p. 29.
 - 4 Australian Bureau of Statistics (2004) *Labour Force Australia*, (Cat. No. 6202.0), April 2004, p. 29. This definition excludes members of the permanent defence force.

looked for full-time or part-time work at any time in the four weeks up to the end of the survey week.⁵ Long-term unemployment refers to people who have been unemployed for a period of 52 weeks or more.⁶ Although the official unemployment rate was below 6 per cent in 2004,⁷ it was estimated that 11.9 per cent of people were either looking for more hours than they had or to enter the labour force.⁸

Casual and/or part-time

The ABS defines a casual employee as someone who is not entitled to either paid recreation leave, sick leave or public holidays but who often receives a loading in lieu. There is also a perception that casual work refers to short-term, irregular and uncertain employment.⁹ A significant proportion (over 60 per cent) of casual employment is part-time, which is less than 35 hours a week of work (in one or more jobs).¹⁰

5 Steering Committee for the Review of Government Services Provision (2003) *Overcoming Indigenous Disadvantage: key Indicators 2003*, Productivity Commission, Canberra, p. xxviii, and Australian Bureau of Statistics, 2004, *Labour Force Australia, 2003*, February 2004, (Cat. No. 6202.0), pp. 29-30.

6 Australian Bureau of Statistics, 2003, *Labour Force Australia*, February 2003, (Cat. No. 6203.0), p. 77.

7 Australian Bureau of Statistics, 2004, *Labour Force Australia*, April 2004, (Cat. No. 6202.0) ABS Canberra pp. 1, 30.

8 Mr Peter Anderson, Director, Workplace Policy, Australian Chamber of Commerce and Industry, *Transcript of Evidence*, 5 November 2003, p. 2.

9 Chalmers J and G Kalb, *Are casual jobs a freeway to permanent employment?* Working Paper 8/2000, Monash University, July 2000, p. 2.

10 Australian Bureau of Statistics, 2004, *Labour Force Australia*, (Cat. No. 6202.0), April 2004, p. 29.

General definitions

Actively looking for work	Includes writing, telephoning or applying in person to an employer for work; answering an advertisement for a job; checking factory noticeboards or the touchscreens at the Centrelink offices; being registered with Centrelink as a jobseeker; checking or registering with any other employment agency; advertising or tendering for work; and contacting friends or relatives.(a)
Attending full-time education	Persons aged 15 to 24 years enrolled at secondary or high school or enrolled as a full time student at a Technical and Further Education (TAFE) college, university, or other educational institution in the reference week.(a)
Attending school	Persons aged 15 to 19 years enrolled at secondary or high school in the reference week.(a)
Attending tertiary educational institution full time	Persons aged 15 to 24 years enrolled full time at a TAFE college, university, or other educational institution in the reference week, except those persons aged 15 to 19 years who were still attending school.(a)
Community Development Employment Projects (CDEP)	Provides employment and training opportunities to Indigenous people in a range of activities that benefit themselves and their communities. The CDEP scheme comprises community determined and managed activities and organisations.(b)
Civilian population aged 15 years and over	All usual residents of Australia aged 15 years and over except members of the permanent defence forces, certain diplomatic personnel of overseas governments customarily excluded from census and estimated population counts, overseas residents in Australia, and members of non-Australian defence forces (and their dependants) stationed in Australia.(a)
Disability	A person has a disability if he or she has a limitation, restriction or impairment, which has lasted, or is likely to last, for at least six months and restricts everyday activities. These activities include loss of sight (not corrected by glasses or contact lenses); or an aid to assist with, or substitute for, hearing; speech difficulties, shortness of breath or breathing difficulties causing restriction; chronic or recurrent pain or discomfort causing restriction; blackout, fits, or loss of

	consciousness; difficulty learning or understanding; incomplete use of arms or fingers, difficulty gripping and holding things; incomplete use of feet or legs; nervous or emotional condition causing restriction; restriction in physical activities or in doing physical work; disfigurement or deformity; mental illness or condition requiring help or supervision; long term effects of head injury, stroke or other brain damage causing restriction; receiving treatment or medication for any long term conditions or ailments and still restricted; or any other long-term conditions resulting in a restriction.(c)
Earned Income Tax Credit	A refundable tax credit (a form of negative income tax) that allows low income working parents to receive a credit against their income tax liability or a cash supplement if their taxable income falls below a certain amount.(d)
Economic Migrant	A person seeking to immigrate to another country for economic or employment purposes. The labour market characteristics of Independent and Skilled-Australian migrants are very similar. This does not include Family or Humanitarian migrants. (e)
Effective Marginal Tax Rates	The proportion of extra private income, which is lost to income tax, Medicare Levy and income tests on government cash payments. (f)
Employed	All persons aged 15 years and over who, during the survey (reference) week: <ul style="list-style-type: none"> - worked for one hour or more for pay, profit, commission or payment in kind in a job or business, or on a farm (comprising employees, employers and own account workers); or - worked for one hour or more without pay in a family business or on a farm (i.e. contributing family workers); or - were employees who had a job but were not at work and were: <ul style="list-style-type: none"> - away from work for less than four weeks up to the end of the reference week; or - away from work for more than four weeks up to the end of the reference week and received pay for some or

	<p>all of the four week period to the end of the reference week; or</p> <ul style="list-style-type: none"> - away from work as a standard work or shift arrangement; or - on strike or locked out; or - on workers' compensation and expected to return to their job; or - were employers or own account workers, who had a job, business or farm, but were not at work.(a)
Employment to population ratio	For any group, the number of employed persons expressed as a percentage of the civilian population in the same group.(a)
Full-time workers	Employed persons who usually worked 35 hours or more a week (in all jobs) and those who, although usually working less than 35 hours a week, worked 35 hours or more during the survey (reference) week.(a)
Income test stacking	Income test stacking occurs when people lose benefits from more than one program simultaneously. This is due to multiple income tests being used to determine a range of social security payments. For example, when a person earns an extra dollar in wages they lose 30c of Family Tax Benefit and 40c of family allowances. (g)
Indigenous	A person of Aboriginal and/or Torres Strait Islander origin who identifies as an Aboriginal and/or Torres Strait Islander.(b)
Labour force	For any group, persons who were employed or unemployed, as defined.(a)
Labour force status	A classification of the civilian population aged 15 years and over into employed, unemployed or not in the labour force, as defined. The definitions conform closely to the international standard definitions adopted by the International Conferences of Labour Statisticians.(a)
Mature age workers	Mature age workers are defined as employed people aged 45-64 years.(h)
Non-Indigenous	A person who is not of Aboriginal and/or Torres Strait islander origin.(b)
Not in labour force	Persons who were not in the categories employed or unemployed as defined.(a)

Participation	Participation is defined as the extent to which the population is willing and able to work. This work may be full-time, part-time or casual.(a)
Participation rate	For any group, the labour force expressed as a percentage of the civilian population aged 15 years and over in the same group.(a)
Part-time workers	Employed persons who usually worked less than 35 hours a week (in all jobs) and either did so during the reference week, or were not at work in the reference week.(a)
Seasonally adjusted series	A time series of estimates with the estimated effects of normal seasonal variation removed.(a)
Taper rates	Income above a set amount reduces the pension or benefit at a defined rate known as the 'taper rate'. Taper rates can apply to successive parts of the range of income or to the entire range.
Total fertility rate	The number of children a woman would bear during her lifetime if she experiences the current age-specific fertility rates at each age of her reproductive life.
Transition to Work	Transition to Work has been developed for parents, carers and mature age people 50 years and over who are starting work for the first time or are returning to work after an absence of 2 years or more. The program offers practical help, such as training and funding to help the job seeker develop skills.
Trend series	A smoothed seasonally adjusted series of estimates.(a)
Unemployed	Persons aged 15 years and over who were not employed during the reference week, and: - had actively looked for full-time or part-time work at any time in the four weeks up to the end of the reference week and were available for work in the reference week; or - were waiting to start a new job within four weeks from the end of the reference week and could have started in the reference week if the job had been available then.(a)
Unemployed looking for full-time work	Unemployed persons who: - actively looked for full-time work; or - were waiting to start a new full-time job.(a)

Unemployed looking for part-time work	Unemployed persons who: - actively looked for part-time work only; or - were waiting to start a new part-time job.(a)
Unemployment rate	For any group, the number of unemployed persons expressed as a percentage of the labour force in the same group.(a)
Unemployment to population ratio	For any group, the number of unemployed persons expressed as a percentage of the civilian population in the same group.(a)

- (a) Australian Bureau of Statistics, January 2005, *Labour Force, Australia*, (Cat. No. 6202.0).
- (b) Productivity Commission, *Overcoming Indigenous Disadvantage: key indicators 2003*, <www.pc.gov.au/gsp/reports/indigenous/keyindicators2003/keyindicators2003.pdf>
- (c) Australian Bureau of Statistics, *Disability, Ageing and Carers, Australia: Summary of Findings*, (Cat. No. 4430.0).
- (d) Hanratty, P, 1996-97, *Helping the Working Poor: An Earned Income Tax Rebate for Australia?*, Parliamentary Library.
- (e) Richardson, S, Robertson, F & Isley, D, 2001, *The Labour Force Experience of New Migrants*, National Institute of Labour Studies, report prepared for DIMIA, p. 83.
- (f) Australian Government, Department of Family and Community Services, Policy Research Paper No. 2, *Parents, the labour force and social security*, Section 8. Tax/transfer system.
- (g) Australian Government, Department of Family and Community Services, *Submission No. 99, Attachment B*, p. 53.
- (h) Australian Bureau of Statistics, *Mature Age Persons Statistical Profile: Education and Training*, (Cat No. 4905.0.55.001).
- (i) Australian Government, Department of Family and Community Services, 2001, Research FaCS Sheet, No. 12, *Means Testing of FaCs Income Support Payments*.
- (j) Australian Bureau of Statistics, *Demography, Australia*, (Cat. No. 3311.0.55.001).
- (k) Australian Government, Centrelink, Individuals, Transition to Work Program, <www.centrelink.gov.au/internet/internet.nsf/ea3b9a1335df87bccca2569890008040e/a12fbc4daea5d461ca256e7d000010c6!OpenDocument>.

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Main income support payments and allowances

Source: Department of Family and Community Services

Payment	Eligibility	Recipients as at June 2003
<i>Income support payments</i>		
Age Pension	Men aged over 65 and women aged over 62, subject to residency, income and assets tests.	1,854,012
Parenting Payment	Carers of children under 16 years, primarily in single income families (including sole parent families) with low income. Parenting Payment Single is paid according to pension rates and conditions; Parenting Payment Partnered is an allowance.	Parenting Payment (Single) 436,958 Parenting Payment (Partnered) 181,405
Newstart Allowance	Unemployed persons aged over 21 and actively looking for work.	521,677
Disability Support Pension	People with a physical, intellectual or psychiatric impairment that prevents them from working full-time (30 hours per week) for the next two years.	673,334
Carer Payment	People who provide full-time care to someone with a severe physical, intellectual or psychiatric disability who is expected to require this care for at least 6 months. Paid under pension conditions.	75,937
Youth Allowance	Full-time students under 25 and unemployed people aged 16-20 years. Income tested on both individual and parental income.	400,980
Sickness Allowance	People aged over 21 who are temporarily unable to work or study because of illness, injury or disability.	8,927

Austudy	Students aged 25 years and over; paid as an allowance.	39,092
Special Benefit	People ineligible for other assistance and in severe financial need due to circumstances beyond their control. Paid as an allowance.	12,228
Widow Allowance	Women aged over 50 who become widowed, divorced or separated and have no recent workforce experience.	43,209
<i>Other payments</i>		
Family Tax Benefit (A)	Families with children under 16 or full-time dependent students aged 16-24; income tested on family income	1,783,278 families
Family Tax Benefit (B)	Single income families, including sole parent families, especially those families with a child under the age of five (who receive a higher rate of payment). Income tested on second earner's income only in two-parent families.	1,223,560 families
Childcare Benefit	Families using either formal child care or informal (registered) child care. This subsidy either reduces fees at a child care service, or can be paid as a lump sum to parents at the end of the year. Income tested on family income.	517,000 families
Rent Assistance	Pensioners and beneficiaries boarding or renting (excluding public housing)	940,708 (number of persons or couples receiving assistance)

Source Department of Family and Community Services, *Senate Inquiry into Poverty and financial hardship*, Submission No. 165, p.36; Department of Family and Community Services *Annual Report 2002-03*, Vol 2 cited in *Senate Community Affairs References Committee: A hand up not a hand out: Renewing the fight against poverty*, p. 98.

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Other inquiries on ageing and workforce participation

Below is a brief listing of some of the inquiries on ageing and workforce participation since 1999:

- Productivity Commission (1999) *Policy Implications of the Ageing of Australia's Population*, Conference Proceedings, Melbourne 18-19 March 1999;
- Reference Group on Welfare Reform (2000) *Participation Support for a More Equitable Society*;
- House of Representatives Standing Committee on Employment, Education and Workplace Relations (2000) *Age counts: An inquiry into issues specific to mature-age workers* addressed many relevant issues;
- Harding, A, et al. (2001) *Financial Disadvantage in Australia - 1990 to 2000*, National Centre for Social and Economic Modelling for the Smith Family;
- Australian Government (2004) *Connecting Government: Whole of Government Responses to Australia's Priority Challenges*, Management Advisory Committee;
- Senate Community Affairs References Committee (2004) *A hand up not a hand out: Renewing the fight against poverty*;
- Senate Community Affairs References Committee (2004) *Inquiry into Aged Care: Interim Report*.
- Productivity Commission (2004) *Economic Implications of an Ageing Australia: Draft Research Report*;
- House of Representatives Standing Committee on Health and Ageing (2005) *Future Ageing. Report on a draft report of the 40th Parliament: Inquiry into long term strategies to address the ageing of the Australian population over the next 40 years*;