

**Newcastle City Council
P.O. Box 489
NEWCASTLE NSW 2300**

The Secretary,
House of Representatives Standing Committee on Employment,
Education and Workplace Relations
R1, 116 Parliament House
CANBERRA ACT 2600

Dear Sir,

Inquiry into Older Workers

Please accept a submission into the above inquiry following a request from Mr. Allan Morris MHR.

The document has been developed with input from people working in the various sectors including social support, financial assistance and the Pathways project as well as documentation from the Employment Studies Centre

If you have any further inquiries please contact

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EMPLOYMENT ISSUES FOR OVER 45'S

Report on workshop conducted at the Social Strategy Advisory Committee meeting held on April 29 1999.

1. BACKGROUND

A report titled Hunter Clever Region undertaken by the Employment Studies Centre dated February 1999, provided the following information on employment in the Hunter.

- The traditional reliance on manufacturing has diminished in the Hunter with the share (though not the absolute number of jobs) being halved from 26% in 1971 to 13% in 1998.
- Total number of employees had grown by 15% since 1981 although this has been characterised by a fall in male participation and a dramatic increase for women
- The increase in jobs has been in part time and casual work with part time women's positions exceeding full time jobs.
- Unemployment is the regions most intractable problem and systematically higher than the national or state average with Newcastle having a rate of 14%.
- Young people are significantly affected
- There is a trend towards a two tiered labour force divided between relatively secure well paid workers and a growing periphery of low paid insecure casualised workers with a predominance of young people and women in this group.
- There has also been an increased use of contractors in the work force which has also contributed to the loss of permanent full time work.
- The older mature male over 45 years are the workers being retrenched from the traditional occupations and tend to remain unemployed for much longer periods than other age groups - an average of 73 weeks.
- Many in this age group are forced out of the labour market altogether
- There has been a shift in manufacturing employment from basic metal products to fabricated metal products
- Technology advances destroy lower wage, lower productive jobs and creates more productive higher skilled and better paid jobs
- Workplaces are generating change in major skills related areas such as technology, work reorganisation, training needs analysis, job redesign and skills audits.
- Despite high unemployment rates, the Hunter still experiences skill shortages and skill gaps for emerging technologies

- The skill levels will vary according to age and occupation with older people not having updated skills for the changing work requirements.

This information highlights the issues for the Newcastle region in experiencing a continued loss of work in the traditional industries which had previously provided placements for a significant proportion of the male labour force.

The closure of BHP in September 1999 has provided practical experience in offering assistance to workers to develop strategies for the future through the Personal Pathways program. This program has also highlighted some of the problems which are the reality of the situation particularly for those people over 45 years of age.

Of the 2000 employees who will be made redundant when the BHP plant closes, it is expected that

450 will retire

150 will enter into small business

200 will disappear

The rest will be looking for alternate work opportunities.

The 600 people who have already left the workplace prior to closure tend to be a younger age group with those in the older age group remaining until closure. This in itself could be an indication of the difficulty in accessing alternate work opportunities for the older age group.

The contractors who number 3000 will be disadvantaged as they have not had access to the assistance that has been offered to the direct employees.

2. ISSUES TO BE CONSIDERED

2.1 Employment opportunities

Opportunities for employment can be influenced by location, access to re-skilling or training as well as age.

Age

The background information indicates that young people and individuals over 45 years have difficulty in gaining employment – a factor which is influenced by skill levels and experience in emerging technologies and work practices

Location

A lack of work opportunities are available in regional centres of Australia with employment growth being centred in capital cities. This means that individuals may need to relocate to gain employment which can pose difficulties for people particularly for the older age range.

This can prove to be a greater upheaval for older people who have well established links both for themselves and for their families in communities. There will be economic as well as social consequences. The economic

consequences may include differences in housing costs between regional and city areas as well as other relocation costs.

There is a need to create real job opportunities in regional areas to provide some opportunity for people to access work without having to relocate. The unemployment rate in the Hunter is 14%.

The benefits of establishing sustainable work opportunities in the Hunter need to be promoted by the various bodies already established by State and Federal Governments to develop economic strategies for the region.

Employers who are developing businesses in the regional locations are looking for workers with required skills for the new technologies which are a feature of the advanced manufacturing being implemented. This factor should influence the type of skills upgrading required by unemployed workers within regions.

Recommendation

The Federal Government should make a commitment to promotion of work opportunities in regional areas.

Employment could be promoted through use of the Hunter Development Fund to develop viable business opportunities.

The taxation system could be used to encourage establishment of appropriate business.

2.2 Re training

To provide effective and meaningful retraining, the areas of job growth and types of assistance required should be identified.

(a) Possible job growth

There needs to be increased publicity on areas where job growth is anticipated so that training can be directed towards developing skills to meet possible demand and provide some likelihood of employment prospects.

The types of training currently identified as possible work areas are Tourism, hospitality, aged care, human resource skills, environmental areas, marine, transport, niche industries, Olympics.

(b) Personal assistance

The BHP experience has indicated that retraining can give people added confidence and increase their skill levels although this will be of no advantage if there are no real job opportunities to use those acquired skills.

The provision of job search skills to meet the challenges of competing in the job markets has also been beneficial as the older workers may not have previously experienced this situation.

It is important that unemployed people can have access to on going support and skills training to provide a safety net and possibly reduce adverse consequences.

(c) Reskilling components

For training to be effective for individuals it is important that the base level of skills is identified and possible alternate areas of work where those skills could be used and enhanced assessed. This concept builds on existing skill levels of older workers whose qualifications tend to be outdated. This disadvantages them in applying for positions which require updated certification and use of enhanced technologies.

This assessment and the portability of work skills are important for anyone looking for alternate work.

The base levels could then be used to develop training opportunities in the workplace for a wider range of new industries rather than just manufacturing sectors.

(d) Work experience

Paid work experience could prove beneficial to people seeking work as it would provide a practical component to training.

The Mature Workers Program which has operated in the Hunter for some time has demonstrated the effectiveness of this type of training with participants undertaking 140 hours of work experience and having a Placement Officer to organise the placements and provide the necessary support. The networking that occurs in the workplace is an added benefit for individuals

Recommendation

The Federal Government provide funds for training mature aged people in niche areas through existing providers

The Federal Government could promote the concept of paid work experience by offering incentives to employers to engage in meaningful projects for older workers.

3. SMALL BUSINESS

Experience demonstrates that 70% of people entering into small business following redundancy tend to fail within a few years.

The people from BHP are being encouraged to start off a business in a small way as an added extra to be increased after employment has ceased. It is important that they do not overcommit themselves initially. The workers are currently being offered a six week small business course.

In order that there be better success for people entering small business, increased practical support is required.

Recommendation

The Federal Government should support an expansion of the small business incubator system to offer the necessary expertise and support to people

4. SOCIAL ISSUES

People in the over 45 years age bracket tend to become the long term unemployed as identified in the background information. This status in turn can lead to poor health, domestic problems and a lack of social status.

The unemployed can experience a sense of social exclusion with the widening gap between full time work and alternate opportunities and the development of a two tiered labour market further heightening inequalities in the community.

The changing patterns of work and the emphasis on flexible labour market demand places additional stress on individuals due to irregular hours and uncertainty of work patterns. The increase of casualisation in workforce participation is a factor which can also have economic and social consequences for people and can place increases pressures on mature workers with changes in previous accepted patterns of work.

The loss of traditional male work opportunities and growth of female part time and casual work as previously identified has impacted on work availability. The experience from the BHP retrenchments found that because people in this age group tend to have an established concept of work it is difficult for people to contemplate a part time or casual role. They tend to have a conservative viewpoint and most of the partners do not work. These attitudes place greater stress on individuals.

There will also be an impact on the wife as has been identified in the work undertaken by the BHP where a greater responsibility has to be taken for financial management.

The changing hours of work, including a variety of hours and days, also can limit the opportunity to join various social groups with community of interests and can lead to increased isolation.

There has also been an increase in the demands being placed on Non Government Organisations who have expressed concern that the government is shifting the burden of support to their organisations and that their resources are insufficient to meet this demand.

Recommendation

Promote the concept of unemployment as a transitional phase of life rather than a negative concept.

Research on the impact of casual/part time work should be undertaken and strategies should be developed on a national basis to minimise the impact

5. FINANCIAL IMPLICATIONS

Retrenched individuals have a waiting period of 13 weeks and must use up long service leave and holiday entitlement before they can access social security payments.

Retrenched workers should be able to add to retirement saving but instead have to use it once they reach 55 in contrast to those in the workforce who cannot access super until they are at least 58.

An additional implication to be considered includes the fact that people are having families at an older age and with the overall changes to income benefits, older parents could still be supporting young adult children which will increase pressure on families. Policy changes have resulted in parents depending on financial status, having responsibility to provide financial support for education, accommodation and income up to the age of twenty five. The welfare organisations are finding that they are experiencing increased drain on their resources as families are finding it difficult to cope. There is insufficient resources allowed individuals to maintain a financial safety net and in a crisis families have to turn to the NGO's.

Recommendation

The Federal Government should review the current requirements for older people to access unemployment benefits

6. IMPLICATIONS

Financial and social problems can lead to greater conflict in communities with increased crime and safety issues.

Those being unemployed tend to be impoverished with limited options for having a quality of life and effective leisure interests or engaging in community service.

Perhaps the answer is forget about "leisure" and just use the term "time" to negate the impression that unemployed people are living a life of leisure.

We need to educate society to make effective use of time and add value to the community with a sliding scale of financial benefit received from the Government for doing community activities

This attitude can determine the social mores of the next generation.

Recommendation

The Federal Government consider the feasibility of developing a sliding scale of financial benefit for unemployed individuals engaging in community activities whether they qualify for social security benefits or not.