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4 April 1999

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

Dean Sir/Madam,

Issues specific to workers over 45 years of agefollowing unemployment

I am sure that Dr Brendan Nelson MP, as a medical man, will be fully aware of the health issue in relation to this enquiry. However I do hope that because mention is only made of social, economic and industrial issues, health will not be ignored.

I attach a paper I wrote for the Fourth District Health Forum Annual Conference 1995 headed "Health Aspects of Unemployment" which I believe is very relevant.

I consider it particularly important because this year is the International Year of Older Persons and the Government is already studying a National Healthy Ageing Strategy. Health has to be addressed long before "being aged" arrives – whenever that is.

Yours sincerely

(Jim Macbride)

FOURTH DISTRICT HEALTH FORUM
ANNUAL CONFERENCE 1995

“Health Aspects of Unemployment”

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PREVENTION IS BETTER THAN CURE

HEALTH IN REDUNDANCY (including unemployment) EARLY RETIREMENT AND RETIREMENT

INTRODUCTION

It is not intended to address 'Health' aspects in detail. It is intended to highlight importance of health as it affects individuals and families when the bread-winner(s) no longer participate in mainstream employment for what ever reason.

Regrettably too few people ' realise the trauma of not being part of mainstream employment and the adverse effects this can have on the health of both individuals and families:

- Physically
- Mentally
- Socially

The failure to recognise the need to prepare for trauma of this nature has created, and continues to create, enormous human suffering and huge cash cost to the nation which could be significantly reduced by better management and education.

Post trauma stress is now recognised as a major health hazard following military service. Post trauma stress is no less valid when an individual finds, through no fault of their own they cannot get employment and were in no way responsible for their retrenchment or early retirement. The despair and hopelessness of not being able to provide for the family, meet ones commitments, maintain a level of lifestyle, has impacted on the health of thousands of men, women and children across every section of the multicultural Australian community.

After the budget announcements, the Health Minister, Carmen Lawrence, said the mental and physical well-being of the elderly will be studied under federal funding. \$30,000 had been granted to LaTrobe University to study issues concerning the elderly, including lifestyle and health and economic status. How pathetic!! Particularly in view of the millions that have already been spent on the many departmental, House of Representatives Standing Committee and Senate Standing Committee reports that have been produced over the last decade on similar and relevant matters upon which the Government has taken totally inadequate action regarding health.

I have been active in public education dealing with those retrenched, retired early, retired normally and those reviewing their retirement plans, since 1981; dealing with Health, Accommodation, Activities, Personal financial management in the context of lifestyle needs, goals and objectives. Without Government support it has been a task for the dedicated and those who really care. And right now there are only too few of us!

The following sections deal with the health, community support and accommodation aspects as a major part of the impact on lifestyle management in an environment of life out of mainstream employment.

1. BEING UNEMPLOYED DOES POSE PROBLEMS

I have emphasised the aspect of life after mainstream employment and slanted my approach to the ageing members in the community.

The lack of preparation for unemployment of the young certainly needs to be addressed although there is significant counselling, training and often parental support available. None-the-less, to date no one has attempted to assess the health bill to the nation to deal with the post trauma stress of unemployment young or old.

Over a decade ago it was generally accepted internationally that there was a need to prepare for life after mainstream employment. Some call this period retirement but I like to refer to it as the "Age of Living". However, in Australia not much progress has been achieved. In the last 30 years there have been four recessions which have created millions of unemployed through redundancy and early retirement. Those unfortunate enough to be caught up in this restructuring have, in the main, not been provided with any preparation for this trauma.

What is really so disappointing is that a few years ago, in Tasmania, the Government excelled at retirement preparation. Firstly it published *A Guide for Employers on Retirement Planning* and this publication was produced Commonwealth wide by the Sport and Recreation Ministers' Council. Secondly the Department of Public Administration distributed a book *Planning for Retirement* produced by the Department of Health Services which addressed a major slice of the problem areas in retirement. And thirdly the Department of Public Administration conducted 3 day seminars for public servants leaving the workforce. This wonderful example of caring for staff and setting standards for the private sector has all but disappeared. Most agencies now offering last minute crash periods provided at no cost by those organisations only too pleased to tell the departing employee where to invest his lump sum!

Management and unions have forgotten the fundamentals of Human Resources Management - the people are the most important asset Australia has. Just as much as real estate is based on location, location, location, all business is based on people, people, people.

Effective organisations have contingency or crisis management plans to deal with all aspects of occupational and workplace disaster or emergency. These plans are designed to minimise the adverse impact and return to normal activities as soon as possible. Apparently even after four recessions in 30 years governments, companies and unions do NOT believe that a recession is a disaster and therefore does not come into Crisis Management.

I suggest that recession should come under Crisis Management practice in the public and private sectors, and that training for it should be part of all major training programs and will include preparation for redundancy and early and normal retirement.

People need to study the problems of redundancy and retirement - like death and taxes, they are inevitable. Redundancy and retirement are major trauma events, very serious, and often have long term adverse effects on individuals and their families in our growing ageing population.

Early unemployment for the older worker, still with young family responsibilities, can be devastating. Often, through lack of preparation and professional counselling, it leads to family break-up and even suicide. Failure to manage their resources and health invites increased demand on the Health and Welfare services.

2. LIFESTYLE

The question to be asked is how does anyone effectively manage their retrenchment/retirement income? The answer is more difficult than the question! The volatility in the financial markets at home and abroad coupled with low to moderate interest and inflation rates, along with ridiculously complex investment, superannuation, taxation and pension legislation (which changes too frequently) makes it very difficult. However fundamentally the answer is simple - know what you are doing.

You need help, but pride and stubbornness deny the vast majority of any formal and professional education and advice. Many major private and public sector organisations offer workers, made redundant or being retired, some counselling and assistance to cope with the major change in lifestyle. The level of education I refer to is not just a quick brief on where to place your employment termination payment, but a proper study of planning for the next 25 - 30 years of your life out of mainstream employment and in total retirement.

Money is not much good to you unless you know what you want it for, and you don't know what you want it for unless you have short, medium and longer term lifestyle goals which can be costed and both capital and income needs assessed.

Recent surveys indicate that only 5% of the community in retirement have received an acceptable level of preparation for retirement.

I suggest that the majority of older people not in mainstream employment now, who are suffering a reduced quality of lifestyle through reduction in financial reserves and income, find themselves in this position because they did not effectively plan for their withdrawal from mainstream employment for whatever reason - be it redundancy, early or normal retirement, or health. If they have been retired some time it is certain that most would not have had a formal review of their retirement lifestyle needs and goals, notwithstanding the major and complex changes in legislation covering pensions, investment, medicare, etc since they first retired. Furthermore it is doubtful whether they have properly addressed their own changed needs over time.

In the past decade the Government has changed its attitude to retirement incomes. Future generations are now expected to save more and **more in order to provide their own** retirement incomes. Eventually, only those unfortunate and disadvantaged people who have not been able to save for their retirement will have access to a Government pension. Additionally the Government no longer sees it in the national interest for Mr and Mrs Average Australia to pass on their lifetime savings to their children. Mr and Mrs Average Australian are now expected to spend their money on maintaining themselves during their lifetime.

The changes in the Government philosophy regarding retirement lifestyle and the complexity of legislative change make it essential for every retired person to regularly review their retirement lifestyle and decide where to go and what to do next. Of course, no individual does this planning on their own. It is imperative that the planning is a joint affair with spouse or retirement partner. It is not fair to just have a rough idea of what is to be achieved, make a few investments suggested by friends and then do nothing until a problem arises -such inadequate attention to what people are going to do for the next 25-30 years is not good enough and they are the main ones to suffer. Remember, we are all living longer now, so those retirement savings, or pension, or both have to provide the replacement wage/salary package to satisfy our lifestyle needs for a long time.

Over this long period there will be changes in everyone's lifestyle needs. This will include changes in requirements for:

- Accommodation - size : location : type
- Health - as this affects activities and accommodation
- Legal - estate management including enduring power of attorney and wills (particularly where serial marriages and de facto relationships are involved)
- Activities - particularly related to health and changing physical, mental and social needs.

All of these will almost certainly impact one way or another on financial arrangements and may necessitate use of reserves, increasing or decreasing income, or a major review of the total financial plan.

I have endeavoured to direct emphasis to the need to properly prepare, review and update retirement lifestyle planning and where appropriate get professional advice to sort out the personal financial management aspects to help achieve lifestyle goals and objectives.

You may be wondering how many there are like you who have done nothing about retirement planning – millions!! There have been recessions in the 1960's ; 70's ; 80's and 90's. There has been a stockmarket crash, a property market bust and a massive drop in fixed interest returns. People being made redundant, early or normally retired, now have participated in little more retirement preparation than thirty years ago. As I said at the beginning, people are too proud to admit that they do not know how to go about preparing for withdrawal from the mainstream workforce and retiring. They then spend what should be the best years of their lives patching up and repairing an adverse lifestyle situation, which could have been avoided and should be much better.

This do-it-yourself learning, the hard way, after being out of mainstream employment imposes significant stress and strain on individuals and families often with adverse effects on their health - this continues to place an enormous load on the community support and health system.

Mind you, a lot of the reports confidently say that the numbers needing help with retirement are not big. I do not believe that just because the majority are silent (and that is usual) that you can assume they would not benefit themselves if they were better informed.

Asking the Government of a country, that is almost broke, for help with your reduced retirement income is not likely to provide much joy.

The best chance of improving lifestyle after mainstream employment and into retirement is to take this stage of your life very seriously well beforehand and learn how to manage your life in your later years. In this way you can remove a lot of stress from the unknown and being unprepared.

It is desirable to understand how your health will impact on your needs particularly for accommodation and your activities. All three, health, accommodation and activities largely dictate your income needs and if you do not have control because of a lack of planning then worry only compounds on any health problems, making matters worse.

It is never too late to learn how to get the best out of life at any age, even after leaving mainstream employment or in actual retirement. Everyone must make an effort to learn how

to make best use of their resources - particularly their health. If personal management of lifestyle is less than it should be then seek professional help in the areas of community support, health or personal financial management. No one should literally 'worry themselves sick' because of lack of professional help.

3. EDUCATION

Restructuring, the great run down in the size of the workforce, to become more productive and competitive, has been a major recession activity by governments, business and unions.

They have all been negligent in preparing their staff and employees and members for redundancy and early retirement. Termination of employment before being entitled to the age pension or adequate superannuation income is traumatic. It affects some people very badly.

Most organisations have offered those people leaving the workforce some last minute help. This has usually been in the form of free advice, by banks, insurance companies and financial advisory groups, on how to invest employment termination payments and how to access public funded welfare allowances. This action has been totally inadequate.

It is suggested that to address this matter in this way is to demonstrate a total disregard for any effective organisational crisis management; human resources management or care for our most valuable national resource, the average Australian worker.

There have been major reports made by the Senate and House of Representatives Standing Committees, in the last few years, which have addressed most of the relevant areas of concern. These all party Committees have clearly recognised the areas that have to be addressed, such as:

- Health, Community and Social Security support
- Education and Training
- Re-employment and other activities
- Accommodation

However, it is clear, little effective action has been taken, or is being taken to implement the ideas put forward by these Committees.

It is estimated that about 5% of people leaving the workforce are in receipt of any effective redundancy/retirement preparation and counselling. Not all the blame can be put on governments, businesses and unions. Some of them have offered very worthwhile education and counselling programs but a large number leaving the workforce have elected NOT to participate.

The failure to communicate the need for people to learn about the problems they may face in life after mainstream employment can be extremely costly to the individual and is a huge cost to the nation.

Early unemployment for the older worker still with family responsibilities is a major trauma. Because of a lack of preparation it can lead to family break up and even suicide.

The impact on both mental and physical health can be devastating. Some people have become recluses and having consumed all their own resources turn to welfare. Yet others have consumed their resources trying to dig themselves out of the black hole of life - without-a-job and they too are seeking government aid one way or another.

The real costs above do not include the traumatic loss of personal pride, dignity and confidence of so many of the unemployed. Especially the older workers who may never have permanent employment again.

Assuming that the governments, business and unions do not take any initiatives to prevent repeat performances, all is not lost. It is recommended that you as an individual-

- accept future redundancy and retirement as a fact and take positive steps to prepare yourself, and your family, for that time.
- when negotiating your work enterprise agreements make certain that there is a crisis management plan which deals sensitively with changes in staffing levels through restructuring for any reason.
- ensure redundancy and retirement packages negotiated at work provide effective preparation and counselling for the individual and where necessary the family.
- it is never too late to learn and take positive steps yourself even if you are already out of the mainstream workforce and retired.

I commend everyone wishing to help themselves understand life after mainstream employment and to development realistic expectations should read:

Is Retirement Working? House of Representatives Standing Committee on Community Affairs
February 1990

Expectations of Life House of Representatives Standing Committee on Long Term Strategies
April 1992

- . Australians are already NOT healthy and have a national per capita health bill annually way ahead of most westernised countries.
- . Ignorance regarding unemployment causes individual and family trauma when it happens.
- . Trauma is a very real health hazard and cost

AND

- . HEALTH is the foundation of our whole LIFESTYLE.