COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON EMPLOYMENT AND WORKPLACE RELATIONS

Reference: Employment: increasing participation in paid work

FRIDAY, 19 MARCH 2004

MELBOURNE

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

INTERNET

The Proof and Official Hansard transcripts of Senate committee hearings, some House of Representatives committee hearings and some joint committee hearings are available on the Internet. Some House of Representatives committees and some joint committees make available only Official Hansard transcripts.

The Internet address is: **http://www.aph.gov.au/hansard**

To search the parliamentary database, go to:
http://parlinfoweb.aph.gov.au

HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON EMPLOYMENT & WORKPLACE RELATIONS

Friday, 19 March 2004

Members: Mr Barresi *(Chair)*, Mr Dutton, Ms Hall, Mr Hartsuyker, Mr Lloyd, Mr Brendan O'Connor, Ms Panopoulos, Mr Randall, Ms Vamvakinou and Mr Wilkie

Members in attendance: Mr Barresi, Ms Hall and Ms Vamvakinou

Terms of reference for the inquiry:

To inquire into and report on:

Employment issues in both rural/regional and urban and 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.

WITNESSES

Committee met at 9.01 a.m.

CAMERON, Mr Charles, Contemporary Employment Adviser, Recruitment and Consulting Services Association Ltd

MILLS, Ms Julie, Chief Executive Officer, Recruitment and Consulting Services Association Ltd

CHAIR—I declare open this public hearing of the inquiry 'Employment: increasing participation in paid work'. I welcome representatives of the Recruitment and Consulting Services Association. The proceedings here today are formal proceedings of the parliament. Although we do not require witnesses to give evidence under oath, you should understand that these hearings are legal proceedings of the parliament and warrant the same respect as proceedings of the parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. We do prefer all evidence to be given in public, but if at any stage you want to give evidence in private please ask to do so and we will consider your request. I invite you to make some preliminary comments, and then we will move into general discussion.

Ms Mills—Thank you. The main interest from an RCSA perspective in relation to this particular inquiry is the fact that the industry as a collective body see themselves as the specialists in employment and the people with the most expertise in looking at the needs of the work force. That is what their businesses are built on. Obviously, keeping people participating in work is exactly what keeps them in business. So, from that perspective, there is a real interest from this particular association in this area, particularly in relation to the ageing work force, concepts of the flexible work force and returning mothers to work—all of the areas that this brief covers.

Generally, I think most of what we want to say is covered in the submission. There are some distinctive definitions now that we have developed in relation to the nature of the work force that works within our industry, and I will let Charles address those shortly. Also, what we see as barriers to people taking up various forms of flexible work are things on which we have done a lot of research and study over the last couple of years. We have certainly been working very closely with various departments to do that. I will give Charles the opportunity to address the definitions because they are his passion as part of his role with the association. After that, we will be open to questions. I could talk all day on the various things that we have been approaching.

Mr Cameron—One of the things we looked at a couple of years ago was the vagueness of the definitions that applied to what was typically otherwise called labour hire services, and there is a lot of misinformation out there at the moment about this form of engagement. We have put together fundamental definitions in an attempt to define the subtle differences in the various forms of engagement in what we call non-traditional employment. For the purpose of this submission, RCSA members now provide four different categories of service. The first is what we call on-hire employee services, the second is what we now know as contracting services, the third is recruitment services and the fourth is employment consulting services. Employment consulting services we might place aside as it is not so relevant to this inquiry. It is similar to the services that I provide more generally, but recruitment services, we argue, are those services

where an RCSA member is almost in an agency capacity where they do indeed seek work on behalf of an individual or seek employees on behalf of another company and, of course, there is no ongoing employment relationship once the actual placement has arisen.

An on-hire employee service is probably the most common form that comes under the term 'labour hire' more generically. In an on-hire employee service, the RCSA member will maintain an ongoing employment relationship with the employee and then will assign that particular individual into a client-work environment to perform ongoing work for them. It is essential that we all understand that that nature of engagement is no longer purely casual. In times gone by it was very much casual employment, but at least one in four of these on-hire employee assignments is now non-casual—so permanent maximum term, seasonal, whatever that may be. On the second category of contracting services, we again think it imperative that people understand the difference because contracting services have a whole range of different obligations that arise. The most typical under contracting services is an individual who is subcontracted to provide services for a client. So the engagement relationship is between the RCSA member and the contractor, but then they are supplied to perform work within a client's work environment. The other form of contracting services that seems to get mixed up is what we call managed project contracting services where, in essence, you will actually have the full management of the supply of labour, the supervision, the management systems and the like. So it is a little different.

To that end we just wanted to ensure that you as the committee were aware of the terminology we are using. We would be happy to provide you after this submission, if you would like them, with not only a diagram but the definitions to facilitate your understanding.

Ms Mills—The reason that is important is that one of the ways that people are often wanting to return to work is in a stated capacity. Quite often they do not want to go straight back into a full-time role. The on-hire engagement and some of those opportunities that are offered through our industry provide that as a real opportunity for people to test the water, if they have dropped out of the work force and want to come back in or if they want to ease out of the work force. We have both ends of the spectrum that we need to be thinking about in keeping people in work.

Mr Cameron—A recent survey that we have conducted through RMIT indicated that 67 per cent of those employees surveyed clearly had a choice in selecting on-hire employee services and that 34 per cent preferred to be engaged in what we traditionally knew as temporary type work. So we would argue that there has clearly been a big shift not only in the demands of business to utilise these more flexible working arrangements but also in the individual employees selecting this form of employment. So, from our perspective, something we want to pursue is to look at the benefits to all parties and not just at what was commonly perceived to be benefits to business and government.

CHAIR—Thank you very much for those opening comments. I found your submission a good one to read because you certainly capture the trends that are taking place and the challenges we are confronting and you also make some recommendations. You have pointed to some good survey work and research that has taken place as well. You make the point that a lot of the move to contract or temporary work is due to the need for flexibility, that people want flexibility in the work force, but we have been told by other groups that have come to us that there is a huge proportion of people who do not have that choice. Yes, 34 per cent is a growing group, but there

are still 66 per cent that do not choose that. Are we perhaps directing our attention at the wrong cohort and should we be moving more towards looking at those full-time jobs rather than part-time jobs which give that flexibility?

Mr Cameron—It is certainly something from our perspective—

CHAIR—Because I think your RMIT survey, if I recall correctly, was on graduates. Is that right?

Mr Cameron—No. The RMIT survey, which we have not publicly released at this point, was done on essentially three different sample bases: the providers of the on-hire employee and contracting services, the organisations that utilise those services—what have typically been called host employers, although we prefer not to use that terminology any more; we simply call them clients—and on-hire employees. They are certainly not just graduates; they are right across the demographic and right across the board. We would be happy to provide you with a copy of that particular survey, which is quite a comprehensive one.

Ms HALL—What kind of occupations are they?

Mr Cameron—Right across the board again. We thought it was imperative to do that, because many people see on-hire employee services—and again we prefer not to use the terminology 'contracting' or 'temp' because it is misleading—

Ms HALL—When the study is released, will you be able to identify differences in occupations or will it just be across the board?

Mr Cameron—In certain areas we can identify differences in occupations—not specifically but maybe to blue-collar, white-collar or professional categories.

Ms HALL—Certain occupations—say people who work in the mining industry—are used to moving from one contract to another contract. That occurs with certain types of mining and certain types of fitting, machining and so on. It has been a long tradition that that is the way you place employment. On-hire would not be a problem there, but I would expect that the response of people who work in a clerical occupation, who have gone to work from nine to five and have an expectation, would be different from the response of somebody who had worked in an industry that had that approach more traditionally. To be really valid and useful, any research would have to highlight those factors.

Mr Cameron—We have attempted to go to that degree as far as we can within reason. It is a very large area of research. Our next stage would be to get a bit further into the specifics. But certainly we have attempted to break it down into blue-collar, white-collar, professional and other categories. Interestingly, there is a large amount of on-hire professional employment occurring these days. In some cases, you are quite right. Perhaps in accounting and other areas you might be more used to working on a project-by-project basis compared with more traditional forms of production work where you may be less inclined to enjoy the benefits—not necessarily enjoy but be less used to moving on short-term assignments. We are very mindful of all these issues. We are not necessarily trying to get out there and run a party line, so to speak; we are trying to truly understand the motivations of employees as well. We certainly believe that there

are a lot of opportunities within this form of engagement that have not been seized upon. Many parties are simply looking for threats of it.

To come back to Mr Barresi's question, it comes back to this point of working out why these individuals are selecting this form of engagement, if they are selecting it. If they are not selecting it, why are they choosing not to? But typically we are also attempting to look a bit beyond whether the individual wants to perform that type of work to also understand some greater changes in terms of the demands being placed upon government and business and understanding that government is a very large user of this form of employment. Is it suitable in this day and age to, as we would argue, in many cases superimpose a nostalgic or traditional understanding of what employment should be when business and government may not have the luxury of being able to tell the people who are demanding their services, 'You must understand that we can only engage people on a longer-term basis or a more secure basis and therefore we do not have the capacity to provide you with the flexibility that you need'? We are trying to work out what is actually causing the demand for this flexibility of work and working out whether it is feasible simply to continue with a traditional notion of employment in the face of changing economic, business and government needs.

CHAIR—We all make assumptions. Do they take on contract jobs, temporary jobs, part-time jobs or portfolio jobs because of the lack of full-time jobs or because of the flexibility? I am wondering whether we are missing some other criteria. Julie, do you want to make a comment on that?

Ms Mills—The only comment I want to make on that is that the fundamental thing we are working on at the moment is that there is a misuse of the word 'casual', which is what Charles alluded to earlier. Yes, in terms of the cohorts you are referring to, from the cohorts we have looked at we certainly know those who have chosen the flexible work force as what they want to do. That is a given in many cases. Most of them who have chosen to stay in an on-hire arrangement, which in many cases is, as Charles said, almost a permanent on-hire arrangement now, have chosen that for all the reasons that they make the decision. That casual group is still the group where there is the definition of a casual. What is a casual worker now? Is it someone who is working in a range of jobs but through one on-hire company for ever but still staying in constant engagement or is it a person who is basically on minimum payments and is badly treated in the work force? There is all that kind of rhetoric out there. That is the key part of this whole analysis of the work force now—looking at the real groups, the real figures. That information is very difficult to get to the bottom of, depending on whose piece of research you read and which way it is skewed. We all know that you can take a piece of research and make it say almost anything you want it to say within reason.

Ms VAMVAKINOU—Just to follow up that issue of flexibility and all its ramifications philosophically for the workplace—its impact on people and their lives, superannuation and a whole series of things—you are right: research can skew. And trying to understand whether it is voluntary, desirable or whatever and who it is benefiting is going to be fascinating. From your experience, what impact do you think the whole concept of flexibility in the work force is going to have on the traditional idea of permanent jobs and therefore permanent security of the household budget and so forth? Is it a good thing to be pursuing? Is it something we should be concerned about? There are those sorts of issues on a macro philosophical level.

Ms Mills—I will answer first; then Charles can probably talk from the point of view of industrial matters and the bigger picture. I think it needs to be accepted that the concept of a flexible work force needs to be there to solve the very issues that this particular inquiry is looking at. It needs to be given a level of respectability—that I am now a 55-year-old retired CEO and I want to go back to work and work three days. That does not make me a lesser person. Five or six years ago, that was not as easy a concept for people in that cohort to accept. It is becoming easier and easier, but it is an education process. It is educating the people in the work force themselves. Take away those who do not have a choice, and I am talking about using the concept of a flexible work force going forward as one of the many models of work that will solve some of the concerns that we have about keeping our work force working. The second part of it is this. It is part of the return to work issue for injured workers. Instead of having to go back into a full-time role, there are pathways forward, and that is not unacceptable or given less respect. It is the lack of respectability sometimes that being a part-time or flexible worker—

Ms VAMVAKINOU—Just on the issue of injured workers, I would have thought it would be not so much a case of not seeing it as unacceptable for an injured worker to go back to work. Rather, the concern for a lot of injured workers is whether they can get employment and whether employers are willing to keep people. Disability is another area which is of interest to us personally in terms of flexibility, availability and respectability.

Ms Mills—I think it is a double-edged sword. There are a whole lot of other issues overarching this. There is the concept of an opportunity to have an industry such as ours, which has various pathways into all different forms of work. In the employment consulting end of the diagram—the fourth part of our membership, for instance—a lot of that is what they do: career transitioning and career pathways. So the whole context of this submission really was about saying: 'These are the various areas that are impacted. Flexible work is one of the solutions, not the only solution, but this industry wants to be engaged in looking at the various solutions.' We are already engaged in a number of mature age roundtables, in getting youth back into work and all of those sorts of things. It is not that all we are there to do is move people into jobs. We have the background as well.

CHAIR—I want to talk about those other issues, otherwise we will run out of time. Just to support part of your argument, I note that in your submission you refer to the results of a RCSA survey of Manpower:

> … the Federal Metal, Engineering and Associated Industries Award was amended in 2001, enabling casuals to become full time employees after six months employment …

You then say that 'only two employees out of 500' made that decision. That to me is a fairly compelling statistic.

Ms Mills—Since that one was done there have been a number of other awards where that particular six-month conversion has been put in place.

CHAIR—And the conversion has been low?

Ms Mills—And the conversions have been low or non-existent. Again, that is the group that made—

CHAIR—I guess the key is where the opportunity is offered.

Ms Mills—Yes. That is part of the agreement.

Mr Cameron—It is fair to say that there is always a learning process. I do not think that we are going to sit here and say that ultimately a casual employee, given a clear choice to go permanent, in 100 per cent of cases will not take that up. However, there is a clear indication from what we are viewing that, although one would have expected there to have been a rush towards permanent employment, many are choosing to stay in casual employment. However, I think we need to focus also on the delineation between casual employment and hired employment on the basis that, as I say, many are continuing to be engaged on hire on a permanent basis as well.

Ms VAMVAKINOU—With regard to the issue of choosing casual employment, is there an age group factor or is it across the board?

Mr Cameron—I am sure that we could do some cross-tab research to work that out.

Ms VAMVAKINOU—I think that would be interesting. You raised an interesting one about the over-50s, but I was thinking more about those in their 20s and 30s who are building lives, families and so forth. So the age factor would be interesting.

CHAIR—Julie, you have experience in other areas, which I want to touch on, otherwise we will miss this great opportunity to talk to you. Jill, did you have questions on the current topic before we move to another area?

Ms HALL—I hark back to what I was talking about before—occupational differences. It is interesting because the award that you spoke about, where there was some research, is an area in which I would expect a low take-up. Have there been any other areas where you would expect a high take-up?

Mr Cameron—The other relevant area, which is quite topical at the moment, is the South Australian clerical award. You may or may not be aware of a recent decision—it might even be called a test case—of Commissioner Dangerfield in South Australia which went to the issue of what are reasonable grounds upon which to reject an offer of permanent employment to casual employees. The interest there is that we have not—again, even in that jurisdiction—seen a huge take-up of it. Many might argue, of course, that that is because of lack of knowledge or, in many regards, because employees do not necessarily want to lose their casual loading and it is a monetary issue. At the same time, when we go back to the research we have conducted, we see that the top three reasons for choosing this form of engagement is that there is no unpaid overtime, so again maybe money is a big factor for them. There is the screening of employers: they have the opportunity to choose the parties that they are going to. They have value of contribution and variety of work. Coming back to that South Australian example, we have not, even in that jurisdiction, seen a very high take-up in the clerical industry.

Ms HALL—Which is a more white-collar—

Ms Mills—That is right.

CHAIR—Julie, you said that you were on some mature age forums. I want to talk about that for a moment. You make the point that you want to see a particular program introduced for older workers. You have a proposal there. Can you elaborate on that proposal and what you want to do? How does that differ from what we already have going out there? We have had symposiums and forums on it.

Ms Mills—Remember that this submission was prepared in September. Some of what is in here has already been actioned. At the moment the federal government has a mature age work force roundtable, which the recruitment industry, including our top 20 companies, and I are actively involved in. It is looking at what are the best strategies for assisting in that process. There is also a Victorian roundtable group working as well, which I am involved in. Again, a lot of it is looking at how we work with business. Part of the issue is that this industry may have the best candidates to put forward but, if a business has a mindset that they only want people who are younger than 40, you cannot avert discrimination. It can happen. It is about the pathway forward—how we move the people through to the roles, how we all work together to do that and some of the strategies for doing that. We have been engaged in those for about six months.

CHAIR—One of the major players in all this is your industry.

Ms Mills—That is right.

CHAIR—A lot of finger pointing has been done to your industry by mature age workers—not necessarily by the employers but by the actual job seekers themselves who say they are confronted with recruiters who do not understand them, who do not put them up and who prefer to put younger people up. There are biases and there is an ageist view amongst employers—we are starting to see some break-up there; we had a great submission from Westpac—but what about the recruiters? What are you guys doing about your own industry?

Ms Mills—There are three things that we are working on at the moment. One of them is part of the roundtable process. A number of our members have developed what we might call mature age components to their business. Part of the issue is that recruitment is a young industry. Consultants are 20 to 30 years old.

Ms VAMVAKINOU—My constituents complain to me a lot. They find it almost offensive that, at 45 years of age with lots of experience, they are confronted with 20- or 21-year-olds who have probably just come out of nappies and are making determinations about their work force capabilities. I have found that that is a real problem.

Ms Mills—There is a real perception issue there. The industry itself is looking at that. Currently a number of our members are ensuring they are re-engaging older consultants to do those processes.

Mr Cameron—We are working with the Equal Opportunity Commission Victoria at the moment. We are joining an inquiry into issues of discrimination in the recruitment, the point of hire, as well. One of the fundamental issues we are looking at is ways in which we can facilitate the avoidance of consultants falling into this trap of simply pursuing the needs of the end user, so to speak. In many regards, they are simply facilitating the brief that they are provided with, which may well be that such person is of a young age or is of certain origin or otherwise. We

clearly understand there is a need to educate consultants as to what is or is not appropriate in terms of accepting a brief in many regards.

Ms HALL—What about an active strategy of employing older consultants? That is the message that we hear constantly.

Ms VAMVAKINOU—You cannot give experience to a 21-year-old that someone would have at 38 or 40.

CHAIR—The point implicit in what Maria is saying—I have been at the other end; I have been the human resources person and I have had to hire people such as you—is that there is this concentration on qualifications and direct experience for a job. What a younger consultant—perhaps one who is not focused on it—does not understand and which they could pitch to their client is that a mature age person has life skills as well that could very well be relevant. I will give you a classic example. One of my colleagues who got defeated in 1998 took three years to get a job because every time he went to a recruitment consultant they said, 'You've been out of the work force for too long.' They actually considered his eight or nine years in parliament as being out of the work force, not taking consideration of the various skills and responsibilities and everything else that went with it. That to me indicated real naivety.

Ms VAMVAKINOU—Those in the teaching profession have problems when they move from education to other areas. I am a former teacher, and I know that your skills in the education area are not deemed to be transferable to other areas. I personally find that absolutely amazing.

Ms Mills—I am an ex-teacher as well. To that extent, that is where the fourth arm of the association—those career transition employment consultants—is really working to develop better models to identify and work with those skills. It is not only about having the skills but also about putting them in the right context for moving forward. To take up your point, the industry has recognised and is actively engaging in the challenge in that area. Our next journal—and I will send you a copy—has an article about a particular strategy where a mature age consultant has been brought in for that very purpose. Conversely, one of the issues that we have is that the recruitment consultant industry is one that people do not necessarily want to stay in for a long time. Once they get to a certain age, they do not want to do the face-to-face consulting; they want to be in executive search types of roles as opposed to the face-to-face consulting that we are discussing here. It is also about changing the image of what a consultant should be. All of those things are relevant.

CHAIR—Well done to you and the industry for recognising and confronting the problems there. I do note that you also mentioned that research was done worldwide and was presented to the New South Wales Committee on Ageing about there being no link between age and declining job performance. I just wish that there was some way that that message could get out to your client group—that putting on an older worker does not mean putting at risk your productivity levels. Perhaps that is a message that has not got out there.

Ms Mills—That is part of the message that our constituents have made. Charles was talking about getting to the client. It is actually going from here to here. That is the other part of the problem.

Mr Cameron—There is a real challenge. It is one thing to say that the recruiters themselves should be saying, 'We will recruit those who have the best competency and skills for the job,' which in many cases would be older workers. It is another challenge, and something that we are trying to work on, to convince the client of their need for it.

CHAIR—I recognise that there are many stakeholders in this. That is perhaps why examples such as Westpac should be put up in neon lights. This is an organisation, amongst many, that is trying to address and reverse the situation. They are not disavowing the fact that they made that as a business decision. It was good for business.

Ms Mills—They did, yes. We have been actively engaged in that process with Westpac through the roundtables.

CHAIR—I know my committee members would want to cover at least one other area of your submission in the time remaining, and that is your comments on females with young families returning to the work force. Do you have any comments to elaborate on what you have put in your submission?

Ms Mills—Again, the reason that we addressed that was the concept of flexibility. It is sometimes an easier pathway for people to go back in stages rather than to go from nothing back to full time. We see that as another area where this industry is in a strong position to help people address their needs in being managed back into the work force.

Mr Cameron—We argue that there is a distinct advantage for a working mother to work with one contact to provide multiple assignments than there would be for her to seek a range of assignments by going directly to the individual parties. There are distinct advantages in our being professional employers and providing consistency in terms of benefits. It is also worth mentioning that from our survey of end users of on-hire employees services that, when asked whether they would necessarily replace on-hire employees with direct employees, over 50 per cent suggested that they would not necessarily do that. I am extending it the point of saying that there are further advantages in promoting the benefits that may come of on-hire employee services. We are not so naive to say that there are not still challenges out there. We really want to propose that there are distinct benefits in going through one individual party rather than having to approach each and every direct employer.

CHAIR—Thank you very much. There are a lot of other things in your submission that I would like to have addressed, particularly some of the skills shortages and the effects on small businesses. We do not have time, but you have summarised it pretty well in your submission. It is very comprehensive, and I thank you very much for the work that has gone into it and for coming along today. If we have any other questions, we will get back to you. Charles, you have agreed to get back to us on a couple of points. So we look forward to that information.

[9.36 a.m.]

DUNLOP, Mr John, Director, Australasian Institute of Mining and Metallurgy

GOULD, Dr Ian, President, Australasian Institute of Mining and Metallurgy

LARKIN, Mr Don, Chief Executive Officer, Australasian Institute of Mining and Metallurgy

CHAIR—We welcome you to the table. We thank you for coming in today and meeting with us. The proceedings here today are formal proceedings of the parliament and, although the committee does not require witnesses to give evidence under oath, you should understand that these hearings are legal proceedings of the parliament and warrant the same respect as parliament itself. Giving false and misleading evidence is a serious matter and may be considered a contempt of parliament. We do prefer that all evidence be given in public, but if at any stage you want to give some private evidence please ask to do so and we will consider your request. Do any of you wish to make some preliminary comments? Then we will move to general discussion.

Dr Gould—I would like to add a little about my background, simply because it complements the approach that we will be taking in this presentation, which is a focus very much on regional and remote employment. My background as an executive in the mining industry is that I am a geologist by profession and spent my early years as an exploration geologist out in the field, but my last two executive jobs before retirement were as the Managing Director Australia for Rio Tinto and then the Chief Executive of the Normandy Group. I also have a long association with the Royal Flying Doctor Service of Australia, of which I was the national president for a number of years, and I am still the vice-president of the central operations of that organisation. I make those comments to put things in context in terms of my experience in remote area matters from a couple of points of view. But here today I am focusing on those that relate to the Australasian Institute of Mining and Metallurgy.

I will start by saying who we are not rather than who we are. We do not represent the companies. The Minerals Council of Australia has that job and, I am sure, does it very well. We represent the professionals in the mining industry. We have a membership of about 7,500 professional employees. That is about 40 per cent of the pool that is available. We would like to pick the game up and do better than that, and we are aiming in that direction, but we are really the premier organisation representing mining industry professionals. They include mining engineers, geoscientists, metallurgists and a growing number of environmental practitioners—the industry probably employs more than any other single group. They also include other professionals such as accountants, and experts in human relations are very much included in that as well.

As I have mentioned, we have a particular focus on regional and remote employment. A number of factors currently impinge on professionals in the wider minerals industry. I am including here minerals processing as well, and that takes us through to the production of things like aluminium et cetera; it is not just the actual mining that I am referring to. I will quickly go

through these issues. Globalisation has been a very big issue for the Australian industry in recent times, such that most of the major decisions for the industry—which still produces 40 per cent of our merchandise exports, and that does not look like changing—are made outside Australia. Certainly, companies headquartered outside Australia seem to take a brighter view of our minerals industry than perhaps we did. So we are now faced with a different set of decision-making priorities, which is important.

We also have a big issue with sustainability, which is an important community concern now in terms of the environmental impacts of our industry, its social impacts on people and, of course, the economic impacts, which are very substantial. I doubt that there are any more substantial in terms of our exports. In particular, there is also this issue today of human skills and resources. A third issue is the industry's relative attractiveness to and retention of skilled professional staff in these rural and remote areas. There really is a growing skills shortage out there. That is having an effect in a number of ways, including placing more stress and fatigue on those people who are out there actually doing the job, because someone has to do it and someone is doing it.

The ageing of the population is something I have heard the committee speak about already this morning. That is an issue for us, as we see people with knowledge, experience and the ability to mentor and lead leave the industry. Particularly with repeated restructures and globalisation decisions, we are seeing that impact as well. Our work force is ageing. That has an impact on our work force—on professionals and others. By the way, I do not want to just talk about professionals today. I like to think that we can also speak for the wider employment in the industry. So it is not just professionals; there are a lot of people who do not have those qualifications that I mentioned earlier. Tradespeople are absolutely vital in keeping our mineral activities going, and there are many other people who contribute as well. The impact of fly-in fly-out activities is a big thing in the minerals industry. That has really changed the way people are employed and has significantly changed the way they live.

Last, but by no means least, there is the position of Indigenous people and other people who are underemployed out there in rural and remote areas. We believe that there are demonstrably great opportunities for some of those groups to find more employment in our industry out in the rural and remote areas. In the light of what we are not, we are definitely not experts in income support and welfare systems. But our approach is that we can increase the numbers employed in regional and remote Australia if we address the impact of some of the trends that I just mentioned. So we are looking at trying to get employment up rather than looking at mechanisms to cope with the problems of underemployment.

How do we think that should be addressed? The first thing we would like to do is to very genuinely applaud both the government and the opposition for their emphasis on the importance of science and innovation. We have seen a real plethora of inquiries into the minerals sector and into R&D of recent times. We have had the Minerals Exploration Action Agenda and the Action Agenda for Mining Technology Services—which is a major export sector, if I can digress. About $1.9 billion a year of essentially intellectual capital is exported from Australia each year. Most of the mining systems used around the world originate in this country. We have had the Prosser inquiry and 'Riding the Innovation Wave', known as the Nairn inquiry. So our submission is that the first thing to be done is to implement the recommendations of these inquiries, with which we are largely in very strong agreement.

The second item I would like to emphasise is that we believe that there is scope to promote the existing incentives that are available for people and companies to be employed, and to employ, in regional and remote areas. We think there are already some opportunities which are not well understood. We suggest looking at a package of additional incentives—and not just for our industry. There is agreement right across the scope of our political system that we do have difficulties in a population that is increasingly centred in the cities. We want to see more regional work. We suggest that some things can be done there. I am talking about employees having some form of rebate perhaps for HECS, just as an example. I am not saying this is the answer, but a number of things can be done.

If a student leaves a university or a TAFE college and goes out to take their job in a rural or remote area, whether it be as a mining engineer or, for that matter, as a doctor—because the medical areas have problems equal to ours—they could get a rebate in their HECS burden. The old system of zone allowances, when I first started in my profession, was a significant help. That was in the Middle Ages, I think, but that incentive was actually worth something. If you worked in a remote zone, you actually got a concession on tax that meant something to you. It was an incentive. That has now been allowed to dilute to the point that no-one even mentions it any more. Things like that could be introduced and make it more worth while. 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.

We believe that appropriate incentives should be in place for incorporations to train Indigenous and other underemployed groups in the bush. There are some very good success stories here. The minerals industry can step forward quite proudly—perhaps not absolutely as one because some corporations have been a lot better than others. Recently we had reports of some excellent success in the Hamersley area and in the Pilbara, in the iron ore areas of Western Australia, in Indigenous training and employment by Rio Tinto. That has nothing to do with my earlier affiliation with that company. I was recently in that area looking at precisely this issue with the South Australian Minister for Aboriginal Affairs, and others from the chamber of mines. We all agreed that 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. So we have a number of examples which will stand any scrutiny, I would suggest, as not being nice to do, pie in the sky, sounds good in theory but doesn't work. There are some out there that really will stand any scrutiny and are forming a basis for moving forward in that area.

The underemployment of women is another issue out there. Frequently the difficulty in getting younger or older people to work in rural and remote areas is finding adequate employment for their partner. More and more we find that women are taking positions in the industry, so that partner will be male. It is not necessarily a male-female thing, but it is true that more often the female partner has the need for employment. That is a very big disincentive. People will not work in areas now where there is no employment for one of the partners. We really need to look at that. It is ironic that there is such great demand out there for professionals in so many areas. We were only just hearing about vets. One would have thought it would be pretty important to have vets out in the bush, but obviously vets like treating budgies in the suburbs far better and it is very difficult to get them out into the bush now. It is the same with medical people. Trying to put together employment for the partner is an important issue.

Finally, I would like to comment on an issue that we see as a bit of a threat for the future: the lower level of exploration that we are now seeing taking place in rural and remote areas, which of course is the form of R&D for our industry that is most known—it is not the only one. That tends to be a leading indicator of how many mining operations we are going to have in the future. We do have a different approach from a number of corporations now. Realistically, when a mine ceases in Australia it is faced with the option of perhaps moving to another country rather than being extremely motivated to find a replacement for that resource and hence sustain the industry in Australia. It has the option of simply going somewhere else. With two noted exceptions, being Newmont Australia and Placer Dome—these are publicly available figures; they are not off the top of the head—we are seeing major corporations move their exploration effort to other countries. That is telling us that in the future rural and remote employment in our industry and hence in others that support and service it could be at risk. I realise that is a bit peripheral for this committee, but it is a long lead issue and it is telling us that, unless we can make some changes there, we will have problems in the future. I do apologise for being a little long with my introductory remarks.

CHAIR—No, that is very useful. Mr Dunlop, do you have any comments to make?

Mr Dunlop—Only to say that, having spent perhaps more than half of my professional working life in areas where we do not have a conventional summer and winter but think in terms of the wet seasons and the cyclones that come and go, I have experienced some of these programs that Ian has referred to and can give some accounts of them stretching back into the early 1980s. I simply make the observation that Ian's points are very much in accord with my direct experiences over a sustained period of time.

CHAIR—Thank you. Mr Larkin.

Mr Larkin—I will give only one example. I understand that in Cadia in central New South Wales a campaign to bring new mothers back into the work force through sharing employment is working very well. It is a very good example. We can give you details of that.

CHAIR—Excuse my ignorance—I am from Melbourne—but is that a town or a company?

Mr Larkin—It is a mine. Cadia is close to Orange.

CHAIR—I have ridden my bike there. I must have gone past it.

Mr Larkin—We can provide examples.

CHAIR—Thank you. There are a few things there that I would like to explore with you. An issue that has been raised a number of times by some of my rural colleagues—and I am sure that it has been raised by colleagues of opposition members as well—is the zone allowance and the effect that fly-in fly-out has had on the growth of employment. If you are flying in from Perth on a fortnightly basis or whatever it may be, very minimal services and supporting industries are up near the mine. I went up to Karratha recently, and that is a good example of a town that has full services available. When did zone allowances end?

Dr Gould—Zone allowances are still available.

CHAIR—They have been scaled downed; they are almost non-existent.

Mr Larkin—They apply to certain professions. It is not across the board.

CHAIR—Okay.

Dr Gould—It is the opposite to bracket creep.

CHAIR—Yes. I was wondering when that happened. I ask that because you mention in your submission about employment trends that mining companies have built 25 towns, 12 ports and 20 airfields since the 1960s. Have many of those have been built in the last 10 years?

Mr Larkin—I cannot answer that directly, but it is a lot less—a diminishing number.

CHAIR—How many are planned to be built in the next 10 years?

Dr Gould—Not too many.

Mr Larkin—The major thrust of the Minerals Council approach to this budget process is about infrastructure and support for infrastructure.

CHAIR—Is this changing trend in the building of towns, airfields and ports due to things such as fly-in fly-out as well as the drop-off in exploration?

Dr Gould—There are a number of factors.

CHAIR—It goes to the heart of employment growth.

Dr Gould—It does very much. Certainly in the minerals industry there is an enormous multiplier effect which we as an industry always try to point out, with varying success. So many people are employed to service one person in the field, as it were, and that is reduced by the current approach. The jobs are generated in the cities. They are generated—the multiplier effect does occur but it occurs in the city rather than out in the bush. One of the reasons is, and has been for some time, the high capital requirements for infrastructure development which have escalated substantially from earlier times. Many companies are unable or unwilling in terms of a return on investment to put a facility out there and to take on the capital burden up front in the operation. Obviously, capital that has to be spent before there is an income flow is the worse sort of capital. That has been one of the issues.

Another issue has been the social impact issue, which I think has probably been turned on its head. We did go through a period, and to some extent still are, when development of a new town in the bush was seen by some as being a blot on the environment—although none of the state of environment reports by governments of both sides has identified mining as a significant environmental issue in the national context. There are still many people who do not favour the setting up of infrastructure because it has an environmental impact. The last major development by the industry of the type you refer to was Roxby Downs or Olympic Dam, which is a major town and centre in South Australia where I come from. I came from the Hunter Valley yesterday; I was talking to our branch. There is nothing on the horizon that is going to reverse that trend

immediately from the corporate perspective, but the industry I do know is looking hard at getting additional government support for the development of infrastructure because it is unable to face those burdens up front itself.

CHAIR—You mention that a solution could perhaps be rebates on HECS fees in order to get graduates to move. What will that do to the rest of the work force—that singling out of graduates above any other trade? My understanding is that the other trades are just as scarce in those mining communities. When I went up to Karratha recently they were flying in boilermakers from Sydney and paying them the equivalent of probably $100,000 a year.

Dr Gould—Yes.

Mr Larkin—You are correct, and we are trying to do some research into what would be the main motivators to try to attract both professionals and VET people to rural and remote areas. We have asked some consultants to do some homework on what the things might be that were not just blatantly self-seeking for either professionals or the minerals industry but were broader—packages that may include things such as the HECS fees and other things.

Ms VAMVAKINOU—I would be interested in knowing the result of that. As I have listened to you speak, I think about the young people I come across in my electorate. I have to confess that the mining industry to me is remote and unknown. I do not know too many people or come across many young people who actually think about a career in the mining industry. That is a real problem. How serious is the future for mining in Australia? The industry is not foremost in the mind of Australians and young people in terms of career options. Everything else comes with a package. The idea of mining being seen as a prospective career path is one of the biggest challenges.

Mr Larkin—You are correct. Attractiveness of the industry as a career option and then retention—particularly of the younger generation, and finding out what motivates them—are major issues. The industry is getting together to try to address that. How we address that, particularly in relation to the new generation Xs, is a major issue and is a work in progress.

Ms HALL—It is interesting that Maria will say one thing and I will come in from the area that I represent where every young person wants to work in the mines if they possibly can. I am sure you would know that in the Hunter-Newcastle area it is an occupation that is seen as being quite prestigious and provides high returns to the people working in it. Quite often, people put their names down and wait years to get employment in the mines. The issues that you raise regarding the professionals are of great significance because, given the current changes taking place, it will become more difficult to attract professionals to the industry. That is a challenge for you.

CHAIR—While we are on that, do you have any figures on university enrolments in the mining occupations? Are they trending up or trending down?

Mr Larkin—They were trending down in mining engineering. In the last 12 months enrolments in WASM in Kalgoorlie, in Sydney University and in Queensland University have increased substantially. There has been a slight turn in the cycle. One of the major issues is the number of students doing science in primary and secondary school. The other issue is the one

Maria raised: once they are doing science are they going to go into medicine or into mining engineering? The TER has a great impact on that. The TER is lower for some of the mining subjects, so parents do not want their children to go into those subjects. The next challenge is to get those already doing mining engineering and geoscience to go into a career in the industry in a remote area. Some studies we have done show that only 26 per cent of those doing geoscience, metallurgy and mining engineering go straight into the industry, 26 per cent go overseas and do other things, and we do not know where the remaining 50 per cent go.

Ms HALL—That brings me to the question that I was going to ask. It links into the importance of R&D and the implication that not investing in research and development to a high enough level is having on the retention and the attracting of graduates to the industry.

Dr Gould—There is no doubt that in the shorter term we have seen a marked reduction in the amount of funding going into industry R&D as well as exploration. That is very demonstrable. That is not an opinion; it is easily backed up. That certainly does not help us attract a lot of the best and brightest in the area when that particular facet of the industry is cut back. Having said that, it is not easy to attract people into the R&D that is carried out. We still do quite a lot of really world-leading R&D in our industry; it is well accepted as the best in the world. So there are two aspects to that challenge: firstly, the amount of funding has been reduced; and, secondly, actually getting the people to do the research—because there are fewer people going through in the sciences—is more of a challenge. As was pointed out, the industry is little known outside the capital cities. It is well known in some of the mining centres, like the Hunter Valley, but not so much outside. This is a major issue for us. With 40 per cent of the merchandise exports coming from this industry in one way or another, it is a problem.

Mr Larkin—That comes back to where we started. There has been a lot of research by the government. We have had the Mineral Exploration Action Agenda, the Mining Technology Services Action Agenda and the Nairn inquiry into R&D et cetera. We are saying, 'Let's not analyse this any more. Let's introduce and actually carry out the recommendations.'

CHAIR—You made a good point in your introductory comments about the record of the mining industry. When it is evaluated in the state of the environment reports, the mining industry does come out quite well. It does look after the environment. It does probably put more attention into it perhaps than other industries. You can see that. There is a lot of evidence in that regard. But, while that may be the reality, the perception, particularly the perception amongst young people—graduates, students—will be that mining is a cut 'em down, tear 'em down, dig it up type of occupation: 'Why would I go into that?' You do have that perception that you have to battle. It is not lack of awareness; it is more the perception that young people have: 'Do I really want to be in this industry that is not a clean green industry?'

Dr Gould—Chair, I agree with you. That is an issue. In terms of the opinion leaders—people such as yourselves—the impression of the industry environmentally is improving. It may not be that anyone is ready to riot in the streets on our behalf, but the stringent criticism—a lot of which was perception driven, not reality driven—from those areas has stopped. It is people who are not close to the issue at all who tend to have a general negative perception. From polling, the greatest problem we seem to have is that in general the population, as it were, knows little and cares less. There is less trenchant criticism now. It is more apathy—don't know, not terribly interested. As I mentioned, I think I am correct in saying that the industry does employ more

environmental practitioners than any other single industry. So people doing environmental science going through the universities are more likely, in terms of private employment, to find employment in the minerals industry than in any other industry.

CHAIR—We saw some advertisements to try to break down that image a few years ago. I think Shell and maybe even BP had advertisements with some young professionals out in the field talking about it. All you need is one company to have one disaster, which then taints everybody else. Everyone thinks that every company up there is doing a BHP in Ok Tedi—which is not the case; we know that.

Ms VAMVAKINOU—How do you operate not at a tertiary level but rather at a secondary school level and a younger kids' level? How do you promote your industry? How do you put forward material that gives kids ideas about employment that they would not otherwise know about? In my electorate, in the northern suburbs, we have BHP activity but no-one knows they are there. I am just curious, as a former teacher, about how you would promote your industry to younger people, not necessarily at the tertiary level but at a much earlier level? I think that is really where you need to start to work.

Mr Larkin—We have branches throughout Australia and it is done at a regional level quite strongly, but the mining communities are already within the Hunter Valley. Within the Melbourne metropolitan area it is very difficult. We do have a fund, which holds four summer camps every year—one in Victoria, one in Western Australia, one in New South Wales and one in Queensland. The students who go on those camps—there are about 40 students in each camp each year—are in year five of secondary school and they have a wonderful time. It is really terrific, but it is not really getting to the total market. Those who influence careers most in the science area are the science teachers. One of the strategies we are looking at is that maybe we should be directing more of our information and career options and prepare career profiles through the Science Teachers Association.

Ms VAMVAKINOU—That would be a very significant thing.

Ms HALL—I am interested in some of the programs that you have in more remote areas and the ideas that you have for employing Indigenous Australians in remote areas. Is there any model that is being used? What is the potential to expand this?

Mr Dunlop—If I can respond to that perhaps from direct experience, going back as early as the late seventies some of the major minerals companies identified that there would be some advantages in creating programs for training and development for Indigenous people in the communities where these companies were operating. One of the earliest examples was probably in Arnhem Land where a forerunner of BHP Billiton had leases at Groote Eylandt and formed a partnership with the local lands council to provide used mining equipment for the betterment of the Alyangula community there. Looking back at it now, it was really a model for generating some form of employment. The trick was that Indigenous people generally do not relate well to shiftwork or to regular, round the clock, five- or six-days-a-week employment. It took some time to realise that what worked best for a conventional employer did not necessarily work well for Indigenous people coming into work experience. Those programs have continued right through until today and we can provide plenty of examples of them working very well right up to the current time. The approach is pretty much along the lines that I described.

Ms HALL—Would you be able to give us some written details of those programs? I would be really interested in looking at them. What percentage of employees up there would be Indigenous employees?

Dr Gould—The experience has been, and still is, that having 10 per cent of Indigenous employees is usually a pretty good level, but there are examples in individual operations where that figure is quite a lot higher. Although I do not have the exact figures for Newmont ex-Normandy in the Tanami Desert, I would think that their Indigenous employment would probably be around 25 per cent. Those are outstanding examples.

There is, though, some written material available on the latest initiatives which Rio Tinto have been taking in the Pilbara, which I referred to. That is a very integrated approach and it does go from school. It aims at assisting Aboriginal children right through, starting from the primary school area. It works with government and works very closely with the teachers. It provides special help and special assistance in practical ways for those Aboriginal children to stay at school. It moves through high school and then to training with the use of computers et cetera and right on beyond that. Leaving aside the strict education issues, there are also major programs for training Aboriginal people to work as operators. In this they achieve full tickets to operate all sorts of heavy equipment which are transferable all over Australia. They can take those skills anywhere they want to, or of course use them if they wish to stay in their own areas—that is available as well. Those training programs and the apprenticeship programs are now very active and documented. We are starting to see some success, which is terrific, because there are not a lot examples of success around. But there are many lessons more widely to be gained from this.

Ms HALL—I would be really interested in seeing written information on that. Do you involve mentors in those programs?

Dr Gould—Yes. In general there is a lot of mentoring.

Ms HALL—In the written information I would be really interested in seeing how that works, too.

Dr Gould—Okay.

CHAIR—We have to end here, otherwise we are going to be running behind time, but I give you one last opportunity. You make a whole lot of recommendations here. What is the big thing that you think government can do that will address a lot of the concerns that you have, keeping in context the nature of our inquiry rather than getting into some of the bigger issues of the industry, in participation levels in the work force? What is the one thing you would say we need to do?

Dr Gould—We believe, in common with others—and it is always good to have allies, and some of our allies would be better known than we are—that the focus on rural and remote employment is very important for Australia. That can be demonstrated to be such because of the huge leverage of our particular industry on the economy, because of the democratic implications for Australia in general. I think few of us believe that we can ultimately retreat to a few capital cities and really keep functioning as a nation. We believe that there are people in the rural and remote areas who are underemployed, as the Indigenous people are, yet we have great skill

shortages and personnel shortages in other areas. So the focus on rural and remote employment is what we would like to leave you with. We do commend ideas such as zone allowances and HECS, but once again we do not promote ourselves as being very expert in some of those areas. We will work, and we are working, with other people, but it may be that this committee can come up with additional ideas that would promote the attractiveness of such employment.

CHAIR—Would part of that be to reverse the trend of fly-in fly-out?

Dr Gould—I would not like to generalise on that, not just because I would get beaten up but—

CHAIR—My colleague the member for Kalgoorlie wants me to ask that question.

Dr Gould—My colleague would like to answer that.

Mr Larkin—I think these things go in cycles. There are a lot of studies being done by UQ at the moment as to the impact of fly-in fly-out on turnover and costs. I think it is like many things: you centralise and decentralise and there will be some that find that this is the best way to go and there will be others that might even reverse that trend. Encouragement to reverse the trend would be great.

CHAIR—Gentlemen, thank you very much for coming in and for your submission. It was excellent. It has given us a different flavour from a lot of the other submissions that we have received to date. So we do welcome it and wish you well as an industry.

Dr Gould—Thank you.

[10.27 a.m.]

DEANS, Mr David, Joint Chief Executive, Councils on the Ageing National Seniors Partnership

REEVE, Ms Patricia, Director, National Policy Secretariat, Councils on the Ageing National Seniors Partnership

CHAIR—I welcome Mr David Deans and Ms Patricia Reeve from COTA National Seniors Partnership. The proceedings here today are formal proceedings of the parliament. Although the committee does not require witnesses to give evidence under oath, you should understand that these hearings are legal proceedings of the parliament and warrant the same respect as proceedings of the parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The committee prefers that all evidence be given in public but, if at any stage you wish to give evidence in private, please ask to do so and we will consider your request. Would you like to make some preliminary comments before we move to discussion.

Mr Deans—Today we would like to talk about mature age employment. It was interesting to hear the last speakers whose evidence basically concerned youth. We come from the other end of the spectrum and will be talking about people 50 years and over, because that is the age group of our membership and that is where we have expertise. COTA National Seniors believe that the participation rates of mature age people could be, and need to be, higher than they are now. While we are aware that the participation rates are improving, it remains a fact that almost 30 per cent of people aged 50 to 64 are reliant on a social security payment and 42 per cent have no paid employment at all. Our work with mature age people has shown that there remains some serious barriers to mature age people's participation in the work force: discrimination in recruitment and retrenchment, lack of appropriate skills and training for employment in the new economy, lack of jobs in particular regions and locations, the effects of long-term unemployment in terms of getting back into the work force and the effects of social security and tax disincentives.

We believe it is critical that opportunities for mature age people be expanded for a range of reasons, including pre- and post-retirement financial security, the health and wellbeing of mature age people, the need for many people to support families at that stage of their life, and social and economic participation. COTA National Seniors Partnership suggest the following for improving the participation of mature age people in the work force. Firstly, there should be the development of an ongoing forum to advocate on behalf of mature age people in the labour market and to provide support, encouragement and advice. This is because we have found that mature age people need more support. In our work we have provided information, encouragement and support which we believe has made a significant difference to people in terms of their perception of their abilities and their capacity to obtain jobs in many instances.

Secondly, there should be a greater orientation of Job Network to the needs of an ageing population and ageing work force. The Job Network can be better aligned to the needs of the ageing population and ageing work force. Much has been achieved through Australians Working

Together but we are concerned that it is still a one-size-fits-all service that does not take account of the maturity and experience of clients over the age of 50. Thirdly, there should be improved knowledge of and access to Job Network services for mature age people, including people who are not on a Centrelink payment. We have been very concerned by how poorly informed many mature age people have been about the availability of Job Network services. We also believe it is very important that mature age people who become unemployed are linked to services as quickly as possible before they become long-term unemployed.

Fourthly, there should be more concerted efforts to ensure our mature age people are able to compete for jobs in the new economy through, firstly, measures targeted at employer attitudes and behaviour. This is very important but difficult to achieve, especially in the small- to medium-sized business sector, but obviously that is the age discrimination factor. Secondly, relevant training of mature age people to ensure that mature age people are well equipped for the new economy is essential. Thirdly, there should be specific measures to increase opportunities in low-employment areas for mature age people. The extent of unemployment and underemployment of mature age people in regional Australia needs to be recognised. We will need special measures to cope with these problems in these areas.

Lastly, there should be more incentives for mature age people to take up part-time and casual work through greater flexibility in the social security and tax systems. Our work has shown that the effective marginal tax rates remain a major disincentive for many people to take up part-time casual work if they are receiving a social security payment. There are also tax disincentives against people taking up a second job. While we understand the difficulties for government in this area, the effective marginal tax rates remain a real problem in terms of participation.

While there are many challenges for the government with the ageing of the work force, we believe there are ways forward, as outlined in our submission. We need a mixture of measures on the demand side and the supply side. On the demand side, this means we need to improve overall opportunities for mature age people. It involves changing employer behaviour and attitudes towards mature age people and also the creation of opportunities, especially in low-employment areas. On the supply side, it means that we need to ensure mature age people are well equipped for jobs in the new economy, that they are well trained and skilled, that they know how to look for jobs and that they are confident and well supported in a changing work force environment.

CHAIR—Thank you very much Mr Deans. Ms Reeve, do you wish to make an opening comment?

Ms Reeve—No, thank you.

CHAIR—Mr Deans, a lot of the issues that you cover in your submission, which you cover quite extensively, have been put to us by various groups highlighting the need for a greater concentration on the mature work force. It is a given that we have to do that as a matter of course because, if we do not, as a government we are going to be behind the eight ball of the demographic changes that are taking place. There have been a couple of surveys in recent times, one by BIS Shrapnel and the other by the Boston Research Group, which indicate that demographics will change so rapidly over the next 14 to 20 years that as an employer and as policy makers we have no choice but to start directing our attention to employing people and making it attractive for job seekers to go into the work force. So isn't this going to happen

anyway, regardless of what we come up with today or what you are recommending, because it is the imperative of the times?

Mr Deans—I think you are right that in 10 or 12 years the young people that we heard mentioned earlier are not going to be there, so you cannot rely on them to make up the work force. We have not had the children in past years for them to come into the work force. However, our estimate is that there are approximately 200,000 people over 50 who find themselves unemployed, and over half those people are in fact long-term unemployed—in other words, unemployed for longer than 12 months. The official figures are under 100,000 but, as we mentioned in our opening remarks and in our submission, a lot of people do not have access to benefits so they are very difficult to measure. I know the survey is supposed to pick those up but they may be driving a cab or doing something like that to earn some money. So the hidden employment in the mature age sector is critical, particularly the long-term unemployed, which the government has recognised as the high-risk area. It will happen, but I think governments—because you are an employer—and business and industry need to plan for this. Our experience is that there is very little knowledge out there in the work force and in industry about this issue. If you talk to the heads of major companies, the managing directors know about it, but that is about the level it stops at.

We are very conscious of the fact that we need to do something, and there are many suggestions being made from different areas, both in government and in opposition. In fact, only a couple of weeks ago the Treasurer included in his speech the idea that there needs to be an education program for business. In partnership with ACCI, last August we ran a symposium in Sydney which the Prime Minister spoke at. That is where he announced that he was going to ask his Prime Minister's Community Business Partnership to advise him on the barriers and disincentives. That is one of the problems: there are barriers to keeping mature age people in the work force and to getting them back in the work force—I do not like to call it a problem; it is an issue that we need to deal with.

I think it is important to realise that we have never been here before. This has not happened to us before. It has happened with youth but it is different when you start managing the ageing of the work force. When we see it written about people retiring and the suggestion that people work longer, to my mind that is asking them to work longer than 55, not 65, because people can get their superannuation at 55. In fact, I have heard just in the last few days that some research has shown that the average retirement age for a man is 58 years. What happened to the pensionable age? Of course we know there is no such thing as an official retirement age; that has gone. To come back to the point, Mr Chairman, I think we need to plan for that and we need to take action to remove the barrier and disincentives to that.

CHAIR—I agree with you. Even though some of the research shows that we are going to have approximately 500,000 jobs in the year 2020 with no-one to fill them, that is 14 years away. That shows the problem that we will have and we do need to start directing our attention to it, particularly the attention of the various stakeholders, and they are not just simply governments and employers. In Adelaide yesterday we heard from a witness who said that part of it is also the self-perception that the mature age person has of themselves, as well as their sense of self-worth. There are a lot of players involved in changing this mindset.

Mr Deans—We certainly touched on that in our opening remarks. Certainly employees need to look at upgrading their skills as they go through their careers. There is a danger for people in business, as they are not encouraged by employers, to not in fact ask for training. They think that they have got there at 50 years of age and that they really do not need any more training, even to get through to 65. That is a problem.

Ms Reeve—Picking up what you were saying, Mr Chairman, it is important to note that there is a long-term issue of demographic change when we get to the lack of work force and that now there is also the short-term issue of these people currently in the 45 to 50 age group who have got 20 to 30 more years of life left but are unemployed, so they do not have the resources to take into retirement. They are with us through all that time; it is not just that they are with us until retirement age, so we have a job there. Also, they are a very mixed group of people, as David was just saying. There is not a single solution for that because the mature age work force is very diverse.

Ms HALL—I think the graphs as to preferred recruitment and preferred retrenchment that you have on page 4 of your submission are very interesting. They demonstrate the dilemma that we are in. It started in the early eighties and it has just got worse since then.

CHAIR—Witnesses, you have been involved in that symposium—you have been a key player in it—and there are other forums that have taken place. We did have the awards for the recognition of senior Australians a couple of years ago through the department. There are various forums, and I know that Louise Rowland of the Swinburne University of Technology is doing a lot of work in this area as well. I know there was a British forum on which we have modelled some of our thinking, but you mention in your submission that some of the current awareness programs are missing the point. Therefore what should we be doing that is different to what we have already been doing?

Mr Deans—With great respect, I do not think that the government is doing anything. There is little that the government can do. It needs to work in partnership with industry and with organisations like ours.

CHAIR—There are programs that have been funded through the regional assistance program with various community groups funded to assist mature age people. There is a great one going on in Frankston, for example, and there is certainly one in my area at Warrandyte. But they are in little pockets and I am talking more about general awareness building. You did make the comment that some of the awareness programs are perhaps targeted too much at big business and that that is not where the problem is; it perhaps concerns medium- to small-businesses. How do we get to them?

Ms Reeve—I think that is one of the issues, because big business is easier for people such as government and us to get to and also it may have the resources and flexibility to tackle the issue. Some of the big businesses are doing excellent programs that we hear about in those symposiums, but it is much more difficult to get to small businesses, so I guess it would need partnerships with small business organisations. We also recognise that the task is a bigger one in small businesses, many of which are family businesses. They do not have many jobs within them to be able to recruit people and offer the training or retraining that might be required. I think those are big areas to look at in providing assistance and support.

Ms VAMVAKINOU—The issue of age and ageism is emerging in the broader community as a major issue. Do you know what areas the 200,000 people you refer to who are 50-plus and unemployed come from? What is it that is causing unemployment, and in what areas and why? How do you address that? You are going to have to address it in order to get people back into the work force. What is it that is causing unemployment? In which areas are the unemployed and why? Is this idea of a youth culture, which has come up in previous submissions—this idea that we are too focused on young people—a perception that is so fundamental to the way we are operating that we really need some massive re-education?

Mr Deans—I think that we should not be scared of the youth culture. To me, someone in their mid-30s might represent youth. And that table that we referred to shows the preferred age for recruitment is 31 to 40. One of the difficulties is the HR practitioners within companies and consultants in agencies. Generally—and I am generalising a lot—they are young.

Ms VAMVAKINOU—We had this discussion earlier today and it has come up time and time again with our constituents.

CHAIR—We had the recruitment consultants here this morning.

Mr Deans—They will deny it, but there is age discrimination in the agencies. There is no question about that. I have always thought that we ought to ask Telstra—we all own it; the government owns half and we own the other half—what the profile is of the people it is going to make redundant. It is making people redundant. If we asked—with no particular agenda—what the age profile was I think we would find that those people were over 45 or 50. I think there has been some change, and people are starting to recognise that there needs to be change, but over the years the young practitioner within the company thinks that someone at 55 is old enough to be their mother or father. They have paid off their mortgage, they have a reasonable superannuation package. 'We can give them a redundancy package and send them off to live the next 30 years of their lives in retirement.' The facts are that that person has probably been divorced and remarried, may have a young family and still has a huge mortgage, if not two mortgages, and they need to work. In the 1950s that might have been right, but things are different from what they used to be.

Ms VAMVAKINOU—Is it cheaper to employ younger people? Is it a fair statement to make that one of the issues might go to how much it costs to employ people? There is an idea—maybe I am living in fairyland, I do not know—that if you have been around in the work force for a long time you would have accrued certain experiences that warrant greater pay. Is that an issue? One has to start looking at all sorts of reasons why people in their 40s and 50s are chosen for redundancies other than perhaps because they have a bigger superannuation and they can afford to retire when they do not want to.

Mr Deans—I do not believe it is. Someone at 30 to 40 would be on the same sort of salary as a mature age person in the same position. In fact, it is cheaper to have a mature age person on the work force. If you invest in training, the general rule is that training lasts six years. Everyone will tell you that if you invest in a young person they are gone within two years. If you ask the HR practitioners, 'What's the average time for an employee to be on the payroll?' they will tell you that it is two years, whereas a 55-year-old person would be thinking of working until they

were 65 or whatever. So you would get six years from that investment in training rather than the two years—only a third—so you would be wasting two-thirds of the investment.

Ms VAMVAKINOU—That is interesting.

CHAIR—Just to follow up on that, you indicate at the top of page 5 that the Morgan and Banks quarterly job index in 1999—I would be interested to see whether there is a later one by the way—showed that half of Australian organisations believe that older workers are less productive than young workers. That is a productivity issue.

Ms Reeve—That is a perception.

CHAIR—That is not true. We know that is not true. What is happening to break that down? The example of Westpac and their active program to recruit mature age workers into their branches, into the organisation, is a positive one and they are doing that not out of some sort of benevolent feeling of, 'We must do this for society.' It is actually a business decision.

Mr Deans—Perhaps I could make a comment on that. I was with David Morgan yesterday afternoon and we were talking about that very issue. They have done a smart thing and said, 'Okay, we have this mature age clientele and they would prefer to talk to a mature person about their finances.' So there is that reason. Then in the call centre they are arguing that these people are more reliable. We would like to think that we have had some influence on these companies. Take Bunnings, who are making a move now. I guess that trend follows the English model where, in the barns of the hardware store, the retired or mature tradesperson is a very good person to have to help people. But it is a perception. There is plenty of evidence—I do not know whether it is really hard evidence—but where is the hard evidence that they are not as efficient as a young person? It is not there.

Ms Reeve—In part, the rapid change in longevity and in added years of healthy life has really overtaken our common perceptions, and our commonsense is often the basis for this age discrimination. It is not a conscious thing that people do about being anti older people; it is more embedded in commonsense and just an assumption. The cover of *Business Review Weekly* last week or the week before said that 60 is the new 40; 80 is the new 60. That is the way we have changed, but in a lot of people's heads they still have models of people's state of health connected to age very tightly, seeing people physically declining, whereas, except if you have been in occupations where there has been poor occupational health and safety and you have suffered a workplace injury which you are now carrying, most of us are fit and healthy well beyond the work years that we are talking about here—well beyond the 60 to 65 mark. But that is where we have not caught up. It was clear, with the people sitting here before us, that all of their solutions were focused on schoolchildren. That is one part of the solution, but another solution might be retraining mature age people. Commonsense has not yet caught up with the innovative things that people like Westpac and others are doing.

In answer to the deputy chair's question about what is going on with these people, some are in areas of rapid change in the economy. In the work we did in Wollongong, for instance, there are a lot of mature age people who have worked their whole life in the steel industry but now are not required in the steel industry. So there does need to be support for those people to reinvent themselves out of being unemployed steelworkers into something else that the work force needs

and where they need to be able to work. So we have people like that who have been caught in large-scale retrenchments and redundancies over the past 10 or 15 years that were highly skilled in their own area in changes, and then we have some people of course who have been in precarious employment all their lives; so they share characteristics with other people about needing specific training and support.

Mr Deans—There is evidence—and I have not seen it but I understand the government scientist knows about it—that your intelligence does not peak until you are in your 60s. We ought to go out and tell people about that. It is an interesting point, when you think of 45 being the time when people are being retrenched, that you are losing so much experience. I baulk at using the 'wisdom' word because I am not sure what it means—I know what it means to me—but it is intelligence you are losing.

Ms HALL—I would like to go to the Job Network issue and the fact that you have identified the Job Network as creating barriers for people, mature age workers, and also from the perspective of the Job Network that it is not receptive to the needs of mature unemployed. What initiatives do you think need to be put in place to address those deficiencies? How can they be circumvented?

Mr Deans—First of all, the people who are not entitled to a Centrelink payment of course do not have access. They do, but they do not know about it.

Ms HALL—To a partial service, yes.

Mr Deans—A lot of this is communication, and there is continuous change in this area. When we wrote this paper, of course, it has probably changed from what it is today.

Ms HALL—So a government advertising campaign?

Mr Deans—I think it is more education of the people who sit in Job Network. Some of them are, through discussions we have with them, having a forum for their employees. In fact, we are working with one of the majors in Australia to come up with best practice, to work out how their staff deal with mature age people. I was in Melbourne the other day—I was with another organisation—and they say they have been working in this area.

Ms HALL—What about where mature workers do not know they are eligible for Job Network services? How would you get that information out to them?

Mr Deans—What we are suggesting is that they do have access to Job Network.

Ms HALL—I understand that, but how do they know that? How do you get the information to these workers that they are actually eligible for the services offered?

Mr Deans—That is certainly a communication issue—to communicate to the community at large that people do have access—and, of course, they need to make arrangements with the Job Network providers. I think it is a chicken and the egg situation. It is dangerous to say, 'Okay, you can go in there.'

Ms HALL—There are two issues.

Ms Reeve—One of the issues that we explored with the Department of Employment and Workplace Relations was whether you could recruit mature age workers into Job Network and whether you could do some matching of job seekers with the workers, but in fact many of the Job Network agencies are quite small and would not be able to do that readily. But one of the requirements—particularly with unemployed people we have worked with—is that you might do voluntary work, which is seen as very important, but that is in itself somewhat of a youth focused thing. We think young people may not have connections with community agencies, they may not have work skills and practices, and it would be very helpful if they did voluntary work. But a number of the mature age people who go along have long histories of voluntary work, which they are struggling to maintain as well as struggling to get enough money on which to live, and they do not react well when told—and there is ageism both ways—by bright young things who 'would know nothing much about the world' about going out and doing voluntary work when they have this long history. So there are some of those things about a mismatch in training and life experience and valuing life experience of older people in Job Network, which is training and support for the workers, as well as a communication campaign to enable older people to know what support they can get.

CHAIR—Just to support your comment there, Recruitment and Consulting Services Association did say this morning that there is some active work going on to try and change the mind-set of those recruiters.

Ms HALL—This committee has received evidence from a number of organisations looking at the issue of employing mature workers. Some of the strategies being recommended are actually discriminatory in their nature, and that is looking at issues and coming from the perspective that older workers are occupational health and safety risks and that older workers are inflexible and older workers, particularly blue-collar workers, are unable to be trained as effectively as younger workers. What strategies do you think need to be put in place to address this? We talk a lot about attacking negative stereotypes and the barriers that exist, but to me it appears that is a lot of talk and we never get around to talking about and identifying these issues. Then we have people giving evidence to us and giving us their solutions and they just reinforce these negative stereotypes.

Mr Deans—If those people do not understand what is going to happen in the next 20 years, they really are going to have a problem in their work force, aren't they?

Ms HALL—They will be arguing that as well.

Mr Deans—Yes. So they need to have a look at the situation and say, 'Okay, what workers do we have in our work force that we need to ensure are trained and are brought along with everyone else within the organisation?' How do you change perceptions? I think that, again, is coming up with the evidence. I really do think that we need to do an awful lot more work. It is one thing to have a one-liner saying that people are more reliable and they do not have sickies. They are all great one-liners—and that is how the Access Economics report was brought about. We are trying to get some information. There is some overseas experience to say that is not the case. What we need is some Australian experience. I think that will come gradually, with people being more interested in looking, if you take best practice, if you take Westpac, at whether that is

working and is going to work. It is just starting to happen now, but we need to monitor that. So I do not think the evidence is necessarily there now except for the one-liners.

Ms Reeve—I think we do need to keep countering the discrimination but also promoting the success stories. As well as the general approach to that, we need to take some specific initiatives that are targeted, some industry by industry and some around particular localities and regions. There are a number of initiatives which we have talked about already in customer relations. Westpac, for example, understands it is good customer relations, if your customers are going to be largely mature age people, to have mature age workers. There may be other industry specific initiatives that could be taken. For instance, some people tell us there is a great shortage of people to wire buildings with data cabling appropriately and to set that up. If that is true, what sort of short-term bridging and recruitment would we need to pick up the redundant Telstra linesmen and technicians, who surely must be partially trained in that already, and do a transfer? So I think there needs to be some looking beyond the customer relations area at a number of niche things that you could pick up. Then the regional areas, where the nature of employment has changed so much, has another set of issues. It will be more difficult for many mature age people to relocate to other regions, because they will have families that are in education and work and they will have the house and the mortgage. So there would need to be specific initiatives to match up their skills and have some guarantees of work.

Ms HALL—Do you think there is a role for the government to act as a role model in employing older employees or older mature age workers and also for it not to target redundancies towards mature age workers? And, secondly, have the working credits, which I notice you mention in here, actually worked?

Mr Deans—Certainly the government can be a role model, and we saw in the press this morning that Family and Community Services have talked about it. The government departments are recognising that a lot of their people will retire and, of course, they are going to be retiring at 54 years and 11 months. It is a crazy system, and we have to fix that system so that people do not go just for that reason. We have to give a choice to those people. Some will still want to go at 55, but they need a choice to work on. Do you want to comment on the working credit, Patricia?

Ms Reeve—We are not in a position to know about that. We are hopeful that that is going to make a change, but we do not know.

CHAIR—We are going to have another chat with FaCS to see what progress there has been.

Ms VAMVAKINOU—This might be just a sea change question. When you were talking, child care and education came to mind and the fact that there is a shortage there as well—in jobs that traditionally are promoted for younger people. Do you see any prospect of encouraging mature age people—I won't say older—perhaps to look at a complete change? As a parent, I would obviously have felt more comfortable with an older person looking after my child than with a younger person. Have you explored any of those areas that traditionally would not come up for mature age workers?

Mr Deans—I think we will see a change. If we came back in five years, that will probably be being done. There are mature people taking up work in aged care. They take them on as

volunteers in their own families. Of course, what we are talking about is the group called the 'sandwich group' that are sandwiched between their own children and their parents—in fact, they are going to have caring on both sides as a family situation. I think your suggestion is a good idea; they are the ideas we need to put out there so that people can think about them.

CHAIR—In Queensland we heard that we should be formalising that by having some sort of recognition of prior learning taking place so that those who have been in those caring roles can get some sort of accreditation towards a certificate course or some sort of recognition which will assist them to move into the aged care sector or, as you say here, perhaps into the child-care sector as well.

Ms Reeve—People are not always in the position to make that investment in whole-scale retraining unless there is some support. When many younger people are still supported in families while they do that initial training, people are going to have to have a fairly strong guarantee of work at the end of it to make that investment.

CHAIR—Thank you very much for your submission. There is a lot in it; a lot of it is self-explanatory. We could have had chats about it, but it really does state the case quite nicely, and it is also very much supported by other evidence we have received. I will just leave you with one point which came out of the hearings yesterday in Adelaide. On page 7 you have written:

> Training and skill development are rated very highly by mature age people in terms of what they believe would help them to get a job.

In South Australia yesterday what we heard was a little different from that—it was more about education qualifications and that mature age people do not think there is much value in enrolling in an educational qualification course; they do not see the pay-offs. So not only do they not believe the employer rates it highly but they do not rate it highly themselves. I am not sure whether you have turned your mind to that or whether your comments are purely about training and skill development. The comment yesterday was a little more about overall upgrading of qualifications and educational degrees or certificates.

Ms Reeve—I think it is fair to say that that particular reference there relates to our working with some 800 people—we have referred to them in our submission—who were unemployed. They did not have, on the whole, a lot of sense of what training or education or skills development would be helpful, but they understood that it was an important issue. So I think there is still a lot more work to be done on that matter.

CHAIR—It is a feeling thing rather than being quantified by evidence. I think that was the case yesterday too. The evidence yesterday was mainly based on feedback rather than on any hard evidence.

Mr Deans—That is why I made the point in the opening remarks that the employees have something to do as well. It is not just employers. They need to think about the training they need to go on into their profession.

Ms Reeve—But those people who have faced overt discrimination do sometimes believe that more training and education make it harder, because they already feel that their level of

experience makes them a threat to younger supervisors or managers who do not want to employ them because they perceive them as a threat.

CHAIR—There is another point that was made yesterday and that has not been mentioned by everybody else. You may want to read the submission where the disability group talked about the cost of going into a course. They did not see a pay-off. HECS is great, you pay later when you get a job, but you do a TAFE course or a VET program as a mature age student and you have to pay up front with no guarantee that there is going to be a job. Perhaps there has to be some consideration of that as well. Thank you very much for coming in today.

[11.12 a.m.]

BOVELL, Ms Maree, Training and Liaison, STEP Group Training Co., Brotherhood of St Laurence

HOUSAKOS, Mr George, Enterprise Development Manager, Brotherhood of St Laurence

ZIGURAS, Dr Stephen, Research and Policy Project Manager, Brotherhood of St Laurence

CHAIR—I welcome the representatives from the Brotherhood of St Laurence. Thank you for coming in and meeting with us today. The proceedings here today are formal proceedings of the parliament. Although the committee does not require witnesses to give evidence under oath, you should understand that these hearings are legal proceedings of the parliament and warrant the same respect as proceedings of the parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The committee prefers that all evidence be given in public, but if at any stage you wish to give evidence in private please ask to do so and we will consider your request. Would you like to make some preliminary comments before we move to discussion.

Dr Ziguras—Thank you for the invitation to come and present to the committee. I assume, Chair, I can talk for about 10 minutes or so.

CHAIR—It is up to you. The longer you talk the less time there is for questions.

Dr Ziguras—We will try to keep it short and to the point and we can explore some of the detail in discussion. The brotherhood is a nongovernment organisation which has been going in Melbourne since the early 1930s. As you probably know, we work with people living in poverty and on low incomes. That is the major focus of our work. We have had a consistent interest in trying to use our experience from providing services to influence and help inform government policy at state and federal level. With a lot of our work we try to bring broader policy experience and interest along with our services, which is partly why we have both arms here today.

I will start off with three key points that we are concerned about with the labour market at the moment. We will tend to focus on problems rather than what we think is going well, partly because we are concerned to improve things, but I would just make the preliminary comment that we are aware that not everything is going downhill. There are some improvements. We know unemployment is going down; we know employment has increased over the last decade or so. And in terms of government policy we would acknowledge that there are some positive things happening from the federal government—some changes to the Job Network over the last year, in particular, changes to the funding contracts, and also the welfare reform process. You were talking about the working credit program before. Some of those things are to be commended.

The first concern we have is with the general level of unemployment and underemployment. Although official unemployment has been coming down, we know that there are still very high levels of underemployment. The ABS calculates that about 1.3 million people would like to

work more and cannot get it. As a general context for the discussion, that is something that we think it is important to keep in mind.

The second point is around what we would see as the fragmentation of various types of work, particularly the rise of what we call precarious employment. One of the documents that I have brought along is a small study that we did with a group of younger people who have been unemployed for some time, who have been able to get bits and pieces of work—often only short-term casual jobs—but who have been unable to get into long-term permanent employment. We have tried to document the impact that has on their lives. 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. Some people talked about their social lives being affected to the extent that they would make times to meet up with friends and then find they would have to work. It impacts on lots of aspects of their lives. 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. Those things are affected by that sort of work.

One of the impacts of that is on Newstart payment rates and the attempt to get people off benefits by getting a job. We know now that a lot of the people on Newstart are in fact working in casual work or part-time jobs, but they cannot get enough work to get off benefits. That is a trend that requires some in-depth policy thinking. It is useful for people to get part-time work. Our experience, which George will talk about, is that that has been quite helpful for some. But for others that is the only type of work they can get and they are then stuck on benefits without being able to make the transition. So there are some policy questions about how to help people make the transition and about the shortage of full-time jobs.

The third point which I see this committee being particularly interested in is about labour market programs—the sort of assistance available to unemployed people to get into jobs. That is a particular focus of our service provision, and we are very concerned about people who have multiple barriers to employment and long-term unemployment—a combination of those things. We think that the current combination of services and policies is not as effective as it could be to help that group. The *Much obliged* document I have given you describes the experience of a group of quite disadvantaged job seekers with the current system and their opinions about how helpful it was or not, particularly around Centrelink, the various requirements and assistance provided through Centrelink and employment services. There is certainly a need to rethink some of that employment assistance, particularly for long-term unemployed, which is the biggest issue at the moment. I will now hand over to George, who will talk about some of our on-the-ground experience helping disadvantaged people locally in Fitzroy.

Mr Housakos—One of the projects that I currently manage is in relation to a high-rise public housing estate in Fitzroy known as Atherton Gardens. Let me give you some demographics about this community to help set the scene. The estate comprises four towers of 20 storeys, and approximately 1,400 people reside there.

CHAIR—Where is Atherton Gardens?

Mr Housakos—Just in Fitzroy.

CHAIR—What street is it in?

Mr Housakos—Brunswick Street and Gertrude Street, just up the road. There are 47 different nationalities and 38 different languages spoken on this estate. It is a place of significant disadvantage in relation to the wider community. The estate experiences a number of interrelated factors, such as poor housing, social isolation, high numbers of residents with complex needs, poor health status, high numbers of residents with complex drug and associated crime issues and, predominantly, a high level of unemployment. At this stage, 90 per cent of the residents are unemployed or on some form of income support. Due to the high levels of disadvantage, the brotherhood chose to engage around employment and training and think about ways that we could engage this community around the issue.

After two years of working in this community, our experience is that a community driven supported approach based on trust and respect is a successful model for engagement and sustainable employment outcomes. Residents do not want employment learning services delivered at them; they want them delivered in consultation with them. That is an interesting point. There is also identifying personal employment and training needs, goals planning, program implementation methods and appropriate support mechanisms that utilise infrastructures and explore new opportunities.

The tools that we have used to engage have specifically been around prevocational training. The prevocational training is around self-esteem. Once you have addressed the self-esteem issues, skill development is relatively easy. We have used a couple of initiatives that have helped us transfer people from being unemployed into part-employment. In doing that, we have quite successfully used a state initiative called the Community Jobs Program. The emphasis here is about paid work experience. That 15-week period allows people to experience what it is like to really work, but at the same time it helps us build their confidence and then move them to the next stage. We have seen that as an effective tool of engagement.

CHAIR—Ms Bovell?

Ms Bovell—I do not have anything to add to that at this stage.

CHAIR—I am interested in some of the local partnerships you talk about. You mentioned Atherton Gardens. Are there any other partnerships that you believe we should be looking at? In your submission there was also reference to one in the UK.

Ms VAMVAKINOU—There are a few actually. There is Sweden.

CHAIR—You talked about a Swedish training and hiring model. Can you just elaborate on some of those for me. I think the point you make is a good one. In your submission you make an observation that employers look to unemployed people who have got some recent work experience. If you are long-term unemployed, you are going to struggle. Certainly, ACOSS has come up with a model. You talk about the Swedish model as well. I want you to talk around those issues.

Dr Ziguras—I certainly agree about the issue about work experience. Employers see long-term unemployed people as posing a risk. They are not sure whether they will fit into the jobs;

they are not sure about attitudes, motivation and so on. Work experience is a really important aspect of helping that group. It is not necessarily going to create new jobs, but it might be able to get into work people who otherwise are just going to be continually excluded.

The UK model talks a lot about intermediate labour market programs, where community agencies take on the employment role for a period of time and then transfer people once they have demonstrated that they are able to do the job. As George was saying, they learn through on-the-job experience and get used to having to get up and go to work and all those things that take a while to get back into. That is something that we have done really successfully in our work with Atherton Gardens. We have taken on that employment—

CHAIR—How does that differ from Work for the Dole? Where does it diverge? There is that work ethic concept in Work for the Dole. I understand there is an obligation side of it, but where is the divergence?

Dr Ziguras—There are a couple of things. One is that they tend to be more full-time jobs than part-time ones, which is what Work for the Dole has. The other thing—especially in the UK and to some extent in our work—is that it is more closely tied with other employment opportunities, whereas one of the concerns about Work for the Dole is that it takes people a bit away from where most of the opportunities are. Our experience and that of the UK is that we need a closer link with the opportunities in the labour market. One of the things we have done is to identify where we know there is a demand for work in our areas—for example, in aged care, in child care—and try to target some of our training and employment to people so that they can make that transition more easily.

I thought the Swedish model was an interesting project because it provided a subsidy to employers to release some of their lower skilled staff to get training, so it had the advantage of building up training and expertise, which is something that everyone agrees we need to do. Also, it provided that work experience opportunity for long-term unemployed people. It seemed to be an interesting way of combining a couple of things in the one program. Recently I spoke to someone from the UK who said that he knew of a program by, I think, Ford, when they needed to retrain a lot of their existing staff. They used this sort of model and brought in some long-term unemployed people to replace their employees while they were doing their training. A lot of those people ended up getting long-term jobs within Ford as well. I thought that was an interesting model.

CHAIR—Was there an element of nervousness among those going on training—that they might come back and not have a desk? 'Don't go on holidays; your desk might disappear.'

Dr Ziguras—I do not know that they were worried about that. But I think employers worry about providing training to staff, in case their staff then use their extra skills to get a job elsewhere. From what I have heard from employers, that is one of the disincentives that they face. George and Maree might want to add something to that?

Mr Housakos—Our experience on the ground is that systemically disadvantaged people are not accessing mainstream services. It is a real concern to us. Many of these residents are not accessing Job Network or the Personal Support Program effectively. Partly, we think it is because the services are asking these residents to go to them; there is a different obligation, a

different responsibility. Our model inserts itself within a community-driven approach, so it is a bottom-up approach. What we are seeing is that people that are deemed to be not wanting to participate in employment are actually wanting more and more to participate but just do not know how to access it.

Ms VAMVAKINOU—You would be very familiar with Broadmeadows in my electorate in terms of long-term unemployment and disadvantage. So I have a particular interest in any service provision, in particular Job Network and how it is working for the long-term unemployed people and young people in my electorate. This is not a political question but I ask it because you have done a lot of work with Job Network: I get the impression from a lot of my constituents that that whole Centrelink-Job Network-whatever is really, as you described it earlier, just talking to people rather than working with them. I sometimes sense that it is really there just to help them tread water; they do not feel as if they are going anywhere long term with it. I am beginning to wonder whether there is a problem—maybe a structural problem—preventing the delivery of those hands-on things that are needed to help people.

CHAIR—It is a 'leading question'.

Mr Housakos—Yes, it is a big question.

Ms VAMVAKINOU—I get a bit practical.

Mr Housakos—I can use an example: we have struggled to engage Centrelink on these estates. We are saying to Centrelink that inserting themselves within the community structure may help them deliver services more effectively. Centrelink is saying that, structurally, they are not designed to be able to move into the community. We are saying that it would enhance the way the two parties are talking. Fundamentally, if we do not take a more aggressive approach in these communities, we are going to further polarise them and burden the system even more. That is more than likely what your constituents are saying to you at the moment.

Ms VAMVAKINOU—Yes.

Mr Housakos—Our experiences on the ground are that, if you move this client group further and further away from mainstream service delivery, you create other more endemic social issues that spill out of the process.

CHAIR—I am interested in that, George, because yesterday we heard from an academic who did some quite extensive research in 2001 in Whyalla, Port Lincoln and Murray Bridge. One of the major problems he identified was simply a lack of services in these towns. Not only are the jobs a long way from town but the services themselves are not there. There are issues such as transport: if you are living out of Whyalla, there is not a bus that takes you where you want to go. I can understand the problems in communities like that; but here in Fitzroy you are right in the heart of the city—there are trams, buses, trains and service providers all around you—so why is this still a problem?

Mr Housakos—It is an interesting point. It is almost like an oversaturation of services within inner Melbourne, particularly in local city areas. One of the problems for the client group is that multiple providers talk to them about multiple issues. For example, a health provider talks to

them about health, an employment agency talks to them about employment and a training agency talks to them about training. The layers of those systems are not talking to each other. One gentleman put it really well: 'I now know exactly what to say when a different provider is talking to me.' The issue is not about the number of services in inner Melbourne; it is about defining what those services can do more effectively for these communities.

Ms HALL—That is a very good point about all the different services inputting different pieces of information and not working in a coordinated way to deliver to that one person.

Mr Housakos—We funded a position on these estates that is not bound by any government system or structure. That person has been inundated with hundreds of people now saying, 'I want to know more about employment, training and how to move out of this lifestyle that I am in.'

CHAIR—Because that person takes a holistic approach.

Mr Housakos—Yes, it is not rocket science. In some ways, it is a very simplistic model. It is about that person being a trusted, embedded catalyst, which goes back to services inserting themselves back into the community. It is about getting in the middle of these communities and accepting the fact that they have some very endemic issues. In this particular housing estate, housing policy and health policies are issues. There are all sorts of things happening in this environment. We are saying to the community that we are not disregarding all that; we want to know more about that. We have been able to show that that one particular structure can then almost inform the career or life plan—you then take a person in and bring the key stakeholders together to then have a more concentrated approach.

CHAIR—You have done this as a welfare agency. If we wanted to take that model further out, who should be the overarching coordinator? Up in Queensland we heard from the Logan City Council, which has put up a holistic proposal not too dissimilar from what you have spoken about. They brought in health agencies, the migrant resource centre, business people, health services, Centrelink and Job Network providers to try to create some sort of holistic approach to employment growth and services. They are doing that as council. Is it the council that should be the link? Should it be a welfare group like yours? On top of all that you have state programs, haven't you?

Mr Housakos—Yes, of course.

CHAIR—You have state community based training programs. So where should it happen?

Mr Housakos—From our experience, one of the advantages about the community organisation is the perception the client group have of us and the relationship they have with us. It is a very different relationship in the sense that they feel less constrained in talking to us and they have a more open and honest dialogue with us. As to who should take up the issue, through the work we have been doing on these high-rise estates we have attached ourselves to an initiative through the state government called Neighbourhood Renewal. We think that that is a really interesting model in the sense of this whole of government approach. We hear the rhetoric a lot about whole of government, but Neighbourhood Renewal is probably the first visual structure that we have seen that brings these key stakeholders together. It is a system that we

have embraced very strongly and it has led to the development of an employment and learning coordinator model, which is funded through the Department of Human Services.

Ms HALL—What is the length of funding for the position?

Mr Housakos—That is a good question. It is three years, but we as an agency are the ones who are going to host that position for the Fitzroy and Collingwood housing estates, and there is one for Broadmeadows as well. In that time we are going to try to think about the framework that needs to be put together and, more broadly, about how this will work.

CHAIR—How far into your funding are you?

Mr Housakos—We are six months into our funding.

CHAIR—Are you it? Are you the person?

Mr Housakos—No. One of my staff is it.

Ms VAMVAKINOU—You would probably be aware of Hume City Council's poverty inquiry, which was launched the other day. The council did an in-house. I have started to wonder what the role of council is in relation to these issues for which there is state and federal responsibility. At a meeting of preschool people the other day everyone was concerned that there were all sorts of people and organisations doing their own thing about preschool education in isolation. We came to the conclusion that, as you are saying today, people need to get together, streamline and work with each other. Do you see a role for local government? This is not to abrogate the responsibility of federal or state government, but I think that often that is the problem, too: there are three levels of government. Do you have thoughts on how we could streamline it—we pay and they do?

CHAIR—It may be that Logan City Council is different to our councils down here in Victoria.

Mr Housakos—We think that there is a role for local government, and we have not seen that bridge yet.

Ms VAMVAKINOU—Because they are closer to people.

Mr Housakos—So our ability to enter into those discussions with the local government infrastructure is complex. We find it easier to talk to state and probably Commonwealth government than we do to talk to local government, which is interesting in its own right. How do we bridge those gaps? There are ways and examples where local government could stimulate, in particular, paid work experience and entry-level sorts of opportunities for people who are disadvantaged. There are some ideas around that that we have tried to explore. One of the ideas is around the notion of social contracting—that all government contracts have a proviso written into them that they must employ local people who are unemployed. Through the state government, that has been experimented with on the Fitzroy housing estate through the cleaning and gardening contract. That is an interesting model which is really an economic model in its own right. It is about redistribution of resources.

Ms HALL—They have used that in the UK to a large extent, as well, haven't they?

Mr Housakos—Yes, a significant amount of work was done in the UK that looked at this model around area regeneration and thinking about whether you could use employment and learning as structures to stimulate not just employment opportunities for tenants but also the impact it has on communities as a whole.

CHAIR—You have this program running in Fitzroy-Collingwood. It is about to start up in Hume. Is that right?

Mr Housakos—We are not, but Hume is, yes.

CHAIR—Are there any other expansions to the program that you are aware of?

Mr Housakos—For the employment and learning coordinator infrastructure through the Department of Human Services there are 15 regions allocated around the state. It is in its infancy at this stage. All 15 regions are about to embark on an employment and learning coordinator infrastructure. The next level for us will be how we integrate the learning from each of those regions—given that, as you said earlier, we are an inner-city service provider, how does it work in regional and rural areas, in particular?

CHAIR—And how does it work in outer suburban areas as well.

Mr Housakos—For us it is a really simple model: you bring in the service providers in a defined approach that is about what the community needs, as opposed to imposing models on top of communities. I think it is actually a very cost-effective model in that way.

Ms HALL—I think it would be remiss of us not to refer to one of the issues that you have mentioned in your report: the fact that the breaching procedures need to be redesigned. Would you like to go into that a little bit for us, at the same time highlighting the problems with the current system? Could you also address the other side of it, the incentives that need to be put in place as well as the breaching process?

Mr Housakos—The brotherhood, along with quite a few other national welfare organisations, has participated in an activity over the last couple of years where we have tried to identify what we think are the problems with breaching. You are probably familiar with some of the background to that, but we are seeing a very big increase in breaching. We are also seeing people who we thought were very disadvantaged having high rates of breaching—homeless people, people with mental health problems and so on.

Ms HALL—So those who suffer the greatest level of disadvantage are also those who receive the highest level of breaching?

Mr Housakos—Anecdotally, that seems to be the case. The report we did with St Vincent de Paul and the University of Melbourne involved a very disadvantaged group and about a quarter of them said they had been breached over the last year. I think at that time about 10 per cent of all people on Newstart had been breached, so it certainly did show that there was a higher rate there. For us the more general issue was the place of breaching within the system and what it is

there for. We certainly think there need to be requirements. Ultimately, you do need penalties and the ability to take people off benefits if they are not meeting the requirements, so in that sense we think there is a need for those.

Probably the main reason for having these requirements and breach penalties is to try to ensure that people are doing things that are going to be to their own benefit and that will help them get into work. So it is not there just as a form of punishment in its own right but as a way of trying to ensure that people are getting benefits out of the system. We support the recommendations of the independent inquiry a couple of years ago, which suggested that if people are breached and they go back and meet their requirements—whether they have missed attending a meeting or handing in their dole diary or whatever—they should be reimbursed the money that they have been penalised. Ultimately, the purpose is to get people to do that. It means then that you are not financially harming people who we see as the poorest people in society. So as a general principle we think that is still worth pursuing and still valid.

Ms HALL—The other thing I found very interesting in your submission was when you were talking about the need for people in part-time employment to meet their mutual obligation requirements and about the transition to work for people who are either in part-time or casual work. Would you like to expand on that for us?

Mr Housakos—As I mentioned at the start, I think it is quite a difficult policy issue. On the one hand our experience is that sometimes people prefer part-time work, such as the work we have done on Atherton Gardens, particularly parents and people with disabilities. That seems to be a good way of getting back into work and it is worth supporting them to extent that we can. On the other hand, we are quite concerned about part-time work replacing full-time jobs and people being stuck on benefits because they cannot then find a full-time job. That is partly because a lot of the employment growth over the last decade has been in part-time work and we do have a big gap in the need for full-time jobs.

I guess I am a bit ambivalent about how much you try to support people. For example, if you took unemployed people on Newstart, how much do you support them getting into part-time work? How much do you set up the incentives so that they go straight into a full-time job? I know that other people coming to the committee have presented various views on that. I think that the system should be set up to try to encourage people to get into full-time work where that is what they want—so the withdrawal rates and the assistance and so on.

CHAIR—Are you proposing therefore that there be a very marked distinction between the rates of pay on entry at the minimum level and the welfare payments, as a way of making an incentive?

Dr Ziguras—The government has been looking at joining up various Centrelink payments into one—disability pension and parenting payment, for example—with the idea of trying to make them all consistent. I suspect that there is probably still a strong argument to have some different types of systems for different people, say, for people with disabilities who are either not able to work full time or need to work part time first. I think the system should be focused on supporting them to get into part-time work where that is what they want. But for people who do not have those same sorts of barriers, we should be saying that full-time work is what they want; it means they get off benefits and that is what we should be aiming for.

CHAIR—Okay.

Ms HALL—I would like to ask you to expand on the insecurities that are created for people looking at transition to full-time employment and the threats that they feel. I notice that one part of your submission that I highlighted particularly related to not only the issue of part-time employment but also the insecurities that people feel about actually going to employment and moving from a reliance on a Centrelink payment and the associated benefits that they receive and how government needs to look at addressing that.

Dr Ziguras—I will start with a couple of brief comments and George and maybe Maree, who have got some more practical experience with this, can flesh that out. In going from social security payments to work there are a whole bunch of things that happen at once. 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 access in some circumstances to pharmaceutical benefits and you lose concessions on bills and so on. So there are a whole bunch of things that happen. One of the things that we have suggested and that the state government has taken up is in trying to look at ways that, instead of all those things kicking in at the same time, drawing them out over a longer period of time so that the impact is not felt all at the same time. We have suggested that people be able to hang on to concession cards, for example, for a longer time so they do not identify everything kicking in all at the one time.

Ms HALL—So putting in place a little bit of a safety net.

Dr Ziguras—Yes. It is easing the transition, I suppose. You certainly would not argue that they should hang on to that forever, but trying to look at a period of time where those things phase in a bit is one way of avoiding this big jump where everything happens.

Mr Housakos—It is acknowledging that people who have been using the system for a long period of time have an enormous amount of fear and that they understand very well how to build their financial model around those systems. They build quite a lifestyle around those as well. From our experience, it is a gentler easing process. It seems to show that you can gradually reduce the dependence on those systems. An example of that is the rent freeze that currently exists on public housing tenants who engage in employment for a three-month period. It is about beginning to work with a particular audience around financial management, what happens now that they have more of an income and what do they do with that. 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.

CHAIR—You mention on page 8 the United States system where some of the states offer child care, education and transportation assistance for seeking work. You advocate that perhaps we should be looking at that. We have a job seekers account through JN3. My understanding is that that is incredibly underspent at the moment. People are just not using it, yet there is a lot of money in there. Putting aside the awareness of it, is that kind of an account the sort of thing that you are advocating and that we should be perhaps promoting even more so?

Dr Ziguras—Yes. Anecdotally that is my impression as well. I have not seen any figures for this, but certainly from talking to Job Network providers it seems that they are not spending that

money. We thought that that was a positive aspect to the current contract because it would focus more resources on what people needed. I am not sure why that is not being spent, although some of our Job Network agencies say that there are quite a few bureaucratic requirements—administration things—that you have to go through to get permission to spend it. It might be partly the way that it has been set up. I guess DEWR is conscious of making sure that that money is spent in an effective and accountable way, so maybe they have overspecified that.

CHAIR—It could be that the Job Network provider is just being a bit cautious. They are not really communicating effectively with the job seekers about what it can be spent on. They cannot take it: it is not theirs; it belongs to the job seeker.

Dr Ziguras—So there is no real benefit for them not to spend it. In fact you would think it would be to their benefit to spend it if it is going to help people get into work. So anecdotally the only way I can understand that is that they feel that there are quite a few bureaucratic hurdles to get over.

CHAIR—We will investigate that. We are going to meet up with DEWR again towards the end of the inquiry, so we will have a chat to them about that. Thank you very much for coming in. We are running out of time. I would like to come out and see Atherton Gardens in an unofficial capacity. Perhaps I could talk to you about some applications in my part of the world. I will make a time to come and see you.

[11.55 a.m.]

DIAMOND, Ms Maryanne, Executive Officer, Blind Citizens Australia

O'NEILL, Ms Collette, National Policy Officer, Blind Citizens Australia

CHAIR—Welcome. The proceedings here today are formal proceedings of the parliament. Although the committee does not require witnesses to give evidence under oath, you should understand that these hearings are legal proceedings of parliament and warrant the same respect as proceedings of the parliament itself. Giving false or misleading evidence is a serious matter which may be regarded as contempt of parliament. The committee prefers that all evidence be given in public, but if at any stage you wish to give evidence in private please ask to do so and we will consider your requests. I invite you to make some preliminary comments then we will move to general discussion and questions. I also let you know for your information that we met yesterday in Adelaide with the South Australian Royal Society for the Blind.

Ms Diamond—I will make a few opening remarks. As our submission and the evidence that you have already heard highlights, the issues surrounding the employment of people who have a disability are complex and interrelated. This complexity cannot be overstated. Increasing rates of employment among people who are blind is not a simple matter of introducing an activity test or funding an additional disability employment service provider. For example, a person who has lost their sight as an adult and can no longer read print has effectively become illiterate. It takes time to relearn literacy when you have gone blind. On top of that, persons facing this have a long wait for the appropriate training, especially if they live outside metropolitan Melbourne or Sydney. People who are blind from birth also face complex barriers and are likely to have experienced systematic disadvantage, which will impact on their capacity to participate in the work force.

A cohort of our membership grew up at a time when there was a push in schools away from learning Braille to using audio. These members did not learn to read; they listened. As a consequence, they did not learn the basics of language and literacy, punctuation and spelling. With the advent of electronic communication—computers, email—a spotlight has been turned on these educational deficiencies, making gaining and retaining employment very difficult. We are not arguing that nothing can be done to assist people who are blind to enter the work force. Our submission contains practical recommendations that would improve our members' opportunities to work, like the provision of financial assistance to meet the additional costs of disability, expanded work experience programs and the provision of adaptive equipment and technology.

What we are cautioning against are simplistic responses which ignore the systematic barriers facing people who are blind and instead place full responsibility for unemployment on the person. The proposal to introduce an activity test for people who are blind is an example of such a response. We would argue that introducing such a measure, whilst discrimination remains rife in the work force and essential public infrastructure remains inaccessible, would not improve employment outcomes. Instead, it would serve to entrench the disadvantage experienced by

many people who are blind by exposing them to humiliating discrimination, for no purpose in most cases.

Finally, we would reiterate the observation made in our submission that there are links between ageing and disability which should not be ignored. Recent initiatives addressing the needs of mature age workers have been notable in their failure to give even a cursory nod in the direction of disability. We believe this should be addressed urgently.

CHAIR—Thank you very much for those opening comments. We will obviously have a further chat about the activity test issue in due course. One of the things that has struck me with every group we have spoken to so far who are advocates for the disability sector—I think the Blind Society and the MS Society are the only specific disability organisations; the rest of them have been mainly umbrella organisations—is the lack of data that is available at the moment on how widespread is the employment program. How many are there in part-time work? How many are there in university or further education? Do you have a handle on that data here for Victoria?

Ms O'Neill—Not for Victoria, we don't. I think our submission refers to there not being a lot of national data to look at. What data there is is aggregated. So it is quite hard to get it specifically for blindness. That is partly because we cannot afford to pay for the data from the ABS that would be disaggregated. Research from overseas indicates—this is blindness-specific—that about 25 per cent of blind people who are of work force age are employed. The data, which is primarily from New South Wales, suggests that it is lower here—that about 21 per cent of such people are employed. There is some evidence that people who are blind have a higher work force participation rate than people with other disabilities, but have a lower employment rate. So more people are looking for work, but fewer are getting work.

CHAIR—And part of that problem is? What would you put that down to? Is it the cost of workplace modifications, the equipment? Is it still the prejudice, the bias of employers? What are we looking at as the barrier there? If you have a high level of willingness to participate and a low take-up rate, something has to stand out.

Ms Diamond—There is a whole range of reasons. Some of them are as you identified. Still, there are some general views of what blind people can do—assuming they cannot do most things. In the past they were telephonists or piano tuners. There is still some of that around. We have certainly discovered that with Job Network providers—many blind people do not even get to an interview to demonstrate to an employer that they can actually do a job. That is one issue. There is the whole issue of equipment. As you identified, the equipment is costly. There is the workplace modification program, but you have to obtain a job before you can actually use that program. So for job readiness and to prove that you can do a job, there is no program where people can purchase equipment unless they have got it from school or from a family or had some money themselves to purchase it. We are talking high-cost equipment.

Many blind people do not, through the school system and university system, get the opportunity that other students do of doing work experience. Some of my children work in KFC or McDonald's or something. Blind children, from our experience, do not seem to have that opportunity. So that puts them at another disadvantage. Then there is the whole infrastructure—of getting to work. You have to be able to get from your home to the workplace. In some cases that is easier than others, but in other cases it is extremely difficult. People may, because they do

not have a lot of money, live quite a long way out from the city. Therefore, they do not have public transport—obviously they do not drive—and they have to use taxis. Although there is some subsidy in this state for taxis, it still ends up being a very high cost. Collette may be able to think of others.

CHAIR—I get the gist of it. Let us talk about workplace modifications and the cost of equipment. In South Australia we heard that the blind society there has a pool that you can borrow from. It is not a large pool but they do have it. You borrow the equipment if you are getting a job. It is used on the job and when the workplace modification subsidy kicks in and the employer or jobseeker buys the equipment that loaned equipment goes back to the blind society. You do not have such a system here?

Ms Diamond—We need to make a distinction between our organisation and the Royal Society for the Blind, South Australia. They are what we would call a service provider. They are funded to provide programs for people who are blind in South Australia. That would be one such program. Blind Citizens Australia is the peak organisation of blind people. We are involved in advocacy and peer support.

CHAIR—I understand that, but you do have the RVIB. Do they have a pool?

Ms Diamond—No, RVIB do not. That is something we have put to RVIB and other organisations like them on many occasions. Even to have a pool and keep up to date is costly because things change so quickly. They have not taken up that challenge. For the people in this state that is a problem. I think New South Wales would be the same. What do you think, Collette?

Ms O'Neill—I have not heard of any schemes. Such a scheme would be a very positive step. It assumes, though, that most people will be going through a disability specialist employment provider, and blind people, like most people, do find work often off their own bat. They will just apply for jobs and go for them. You might have a pick-up issue there, and you would have to address that if that was the way you wanted to go. You would have to make sure that people did get referred back to the employment provider for that assistance even if they independently applied for a job.

CHAIR—I guess they were in a unique situation. They were also a Job Network provider plus an advocate and a representation group.

Ms VAMVAKINOU—There is a statistic of 500,000 jobs available by the year 2020 and nobody to fill them. I would like your thoughts on how government and the community can assist people with a blindness disability to put themselves forward to be part of that much needed and, it looks like, reducing work force.

Ms O'Neill—This is an issue we have been pursuing with DEWR. As Maryanne said before, one problem is that people have an idea about what blind people can do and usually that involves computer or telephone work. We try to expand that. We went to DEWR and as a result we have funding for a project to do an education program for Job Network providers. It fits in with DEWR's Disability Toolkit. From our perspective it gives us the chance to go and educate some Job Network providers about what blind people can do, and do some modelling and show some

great case examples. We used to have a mentoring program. People in different industries would register and show what they did and the profession they were in. People who wanted to get into that profession would be linked up and would get mentored. We have tried unsuccessfully to get funding to re-establish that program.

The other issue that would be a key one is actually educating industry. When we went to DEWR that was actually where we were heading to. We want you to work with industry. There could be jobs identified that could be made accessible to people who are blind. It would be a big thing, because you would have to make sure that software worked and that a whole lot of systems supported someone who was blind doing the job. But there could be occupation types within a range of industries that you would not normally think a blind person could work in, such as construction and mining. But there would be within that industry jobs that people who are blind could perfectly do. We wanted something where you could target jobs within that industry and then identify the training that you would need to get people into them. A lot of it would rely on industries actually being prepared to do that and being prepared to change their minds—I think there is commitment from a few other levels, but that might be where you would need to work. We have long been interested in the Prime Minister's community-business partnership, because we think that is where a lot of the problem is—that at the employer level people are just not employing people who are blind. People go for the jobs but they do not get interviews.

Ms Diamond—That is a key one, but, picking up on Collette's first point, the mentoring and role modelling is also really important. A lot of blind people coming through the school system often are not aware of what types of work they could do. For the few years that we ran the mentoring program—

Ms HALL—How was it funded initially?

Ms Diamond—It was government funded but I cannot remember which department.

Ms O'Neill—It was pilot funding from DEWR, wasn't it?

Ms Diamond—Yes, but I am not sure what DEWR was called then. So it was pilot funded and, of course, once you cannot maintain the data the program becomes outdated. The idea is that a lot of people could also use that information to look at what potential employment options they could have. Students could look at what course they might do at university and they could talk to older people who have done it, and for us that expanded the horizons for a lot of blind young people too.

Ms O'Neill—Which is important, because people can expect very little of people who are blind and can teach people to have very low expectations of themselves. That can happen at school or with parents or whatever. The purpose of an organisation like Blind Citizens is to challenge even that and to say to parents and family that because someone is blind does not mean that their life is ended. They are in fact quite capable of achieving a range of things. We do that in a range of ways, but we do try to work with schools and with the disability providers, the agencies who provide the services to those schools, to make sure that their staff are not going out to schools and basically walking a child through rather than teaching them to be independent learners and things like that.

Ms HALL—I am interested to see that you concentrated to some extent on public sector employment and the effect that multiskilling in the public sector has had, that when retrenchments take place it is always the people with disabilities who are the first to go, and that sometimes there is a reluctance to work through issues associated with disability. I have just been working with a person within my electorate who has recently left the public sector after working there for nearly 10 years and who, given the current environment, has been forced to leave and is now accessing their superannuation. I think it is a loss, because this person is quite talented. In a previous life I worked with people with disabilities and I always found that the public sector was a good place for people to find employment. These people have kept in contact with me over the years and they have now become redundant because of this change. How do you think this needs to be addressed? It is not only the Commonwealth public sector but all public sectors—I would not target the Commonwealth; I would say there is a similar problem within the New South Wales public sector. But I do agree with the statement you make that they do have a duty to act as role models in relation to the employment of people with disability.

As for your solution as to how this needs to be addressed, I agree with your statement. I cannot say I disagree with the statement that you make about not only the Commonwealth public sector but also all public sectors. I would not target the Commonwealth. I would say my own state of New South Wales has a similar problem there within its public sector. But they do have a duty—and I agree with the statement you make—to act as role models in relation to employment of people with disability.

Ms Diamond—Of course we support what we said in it. Certainly when I started work as a blind person coming out of university the public sector was the obvious place to go. There was active encouragement and they were encouraging of beginning work in the public sector. A lot of people, I think, did not necessarily just go into the public sector and stay there forever; they moved on. But it certainly got you in the work force, which I think is essential.

The case you identify of a person in your electorate is certainly not an isolated case from our experience. We have a lot of dealings with members of our organisation who are ‘forced out of the workplace’—that is the terminology used—in Commonwealth government departments in the public sector. It is frightening because some of them are in departments where, really, the duty is to people with disabilities. It is an ongoing problem. Then, as you suggested, people are accessing their superannuation at quite a young age, which means that by the time they get to retirement age most of them do not have any of the wealth that they once thought they may have—after all, our wealth is accumulated over our working life. This of course means that there is a whole other issue about ageing, disability and poverty, and Collette could probably add more to that.

Ms O’Neill—I would like to make two comments. One is about the financial implications of employing someone who is blind. I will not speak for other disabilities because I do not know. There has to be a recognition that employing somebody who is blind will have cost implications for your organisation and that you have to be prepared to wear them. That might mean that the type of software you buy is different or that you have to spend more time in your IT section to make sure that there is compatibility. It might also mean with multiskilling that you actually have to have somebody whose job it is for two days a week or one day a week to support the person who is blind. Take reading: when we do it at our work there is reading and there are

people who format documents or just proofread to make sure of accuracy—because the person who is blind cannot tell necessarily.

So I think there is a sense that people want to employ people but they do not actually want to put the supports in place, which means spending money. Government departments need to budget for that. That means budgeting at the top level but it also means that when you give out agency budgets and section budgets there is an amount identified for that support. We often come across the sense that people will not employ people who are blind because it is going to come out of their budget and they do not have the money for it. So we have had public agencies telling us they cannot afford it, which is astonishing because of course they can afford it—they are a public agency. But that particular section may actually not be able to afford it.

The other thing is that you talked about people leaving and the question of whether or not redundancy is voluntary or not. Just to give it more of a human face, as you have hinted at it: we know people in the Public Service who regularly have to fight to keep their jobs. They are regularly having to go to the IT section to say, 'You've upgraded the system; I now am locked out of it; I can't use it,' or, 'You've made a change and for whatever reason I am now ineffective.' After 10 years of doing that you can just get sick of it. So it may be a voluntary redundancy—but is it voluntary? That happens across sectors. We know it is happening in the tertiary education sector and it is happening in the private sector—that blur about when somebody is actually leaving voluntarily and when leaving is forced. I would argue that most of the time it is forced, because our members want to work but they do not want to work in a situation where it is constantly hell because they have to fight all the time to keep their job. It is all very well to say to people, 'You should be more inspired; you should go out there.' But what do they go out there to?

Ms HALL—I will follow this woman forward another step. Now that she has left the Public Service, she enrolled in university this year. She had previously had enrolment in the TAFE system. Immediately we linked her in with a disability support person at the university. She had had previous experience within the TAFE system and had found that it had been very supportive and helped her all the way through. Once she hit the university, two weeks into the course, she has had to withdraw because of the lack of support that is available for people with visual impairment within that part of the tertiary sector and she has now gone back to the TAFE sector where she can get the support she needs. Would you like to comment on that and the issues surrounding students with visual impairment who choose to attend a university?

Ms O'Neill—That is a key issue and one that we have done quite a bit of work on. Two years ago there was a dramatic increase in the number of students coming to us and saying, 'I can't get my materials in any format.' Prospective students have come to us—again, in this case, from TAFE—who wanted to go to university but were told when they went to enrol, 'You can enrol but you won't get anything.' So, of course, they did not enrol. Measuring demand is a problem. We think a whole lot of people never go, because they are told up front that they will not get support and they wisely choose not to go through it. There is a lot happening in that area. We raised it with the human rights commission, and now there is a steering committee that the Australian Vice-Chancellors Committee is chairing, which involves DEST, universities, and us—organisations that provide materials and alternative formats—and that is doing a lot of work.

But there is a lot still to be done. There is a lot of ignorance about blindness and that is something that universities can address by education—and that process is happening. There is not a lot of money around, but we are trying to set up an accredited training course that university staff could do. That would range from a module in which you do a session on what blindness is and in which you are taught to understand that some people are completely blind but most people are not and that some people will need materials in different formats and one person may need it in three different formats. It is a very complex area and you cannot assume that you understand blindness. It would range from there to actual teaching. Some universities like the University of Newcastle are doing a lot of their production in-house. Of course, that is their choice, and we do not care who does it. What we care about is that the standards of production are maintained, so that the student always gets good quality material. The training course would go to the extreme of actually teaching people how to produce materials in alternative formats, which is quite complex. The problem is that we need seed funding to set up the course, because no-one at the moment has the money to fund it. We are running around at the moment between DEST and ANTA, and everyone says it is a great idea but everyone says they have no money. So we are still fighting on that front.

CHAIR—We come across this problem all the time when we are trying to get programs up in our electorates. Departments do have their money tied into certain buckets and criteria. If there is not a bucket that fits your program, try and get your program to fit a bucket, as much as possible.

Ms O'Neill—We understand that there may be some money coming up for collaborative projects, so we our pursuing the collaborative approach. We think that the course would lead to great improvement. A whole lot of students are doing badly because university staff do not know what to do. The course would address a whole range of those problems.

Ms Diamond—Another huge barrier in the education sector, especially at tertiary level, and now even in schools, is the cost of production. Large print, audio and, especially, Braille are very complicated. Not a lot of people use Braille, especially the specialist Braille like mathematics, chemistry and music. The main producer of these took a decision a couple of years ago to do full cost recovery on everything they produced. In the past they were seen as the charity that produced the Braille. But they could not sustain that as the numbers increased, so they introduced full cost recovery. Then, of course, the universities said, 'We can't afford it.' There are universities in this state saying that they will only produce for blind students in the electronic format, regardless of what their requirements are. If you are trying to learn music or mathematics, the electronic format is not that easily used. So that is a problem, especially when you think of the Disability Discrimination Act 1992. These are all things that we hope we could address through such a training program.

Ms O'Neill—Getting back to employment, it has a real link. Quality and all those sorts of things are obvious, but it might mean that a student can only study part time because they have to spend so much time producing their own work, so that they can read their materials, that they cannot do a full-time load. And that extends the period for which they are not in the work force or starting in it.

CHAIR—We heard this yesterday as well. Some of these printers can cost up to $10,000; they can be very costly.

Ms O'Neill—Yes.

CHAIR—I guess that in the approach we are going to take for visually impaired people—blind people—we have to distinguish between those who have been blind from childhood and those whose sight has failed them as they have got older and all of a sudden find themselves in a workplace where they were comfortable but now cannot see any longer. Do you see a difference in the approach we should take? The reason why I ask is that the MS Society—because MS is a disability that does come on all of a sudden—said to us that they are working with the Department of Family and Community Services to design and implement a targeted employment service which will help to prevent premature termination of work, as we all know that, once you are terminated, it is harder to get back in. Do you see something like that being helpful for your sector?

Ms O'Neill—Absolutely. A key point we would make is that you are talking about very different groups. By far the bigger group would be the people whose sight deteriorates over time, not those who lose their sight overnight. That is by far the largest group of people who are blind; most blind people have not been blind from birth but have lost their sight with age or from a degenerative condition.

CHAIR—Is a similar initiative to that being undertaken at the moment by the blind societies?

Ms O'Neill—No, there is not. We generally refer people to the Jobs in Jeopardy program through the Department of Family and Community Services—and that is a program we have tried to get bolstered a bit. It is exactly that issue: most unemployed blind people were employed, lost their sight and then lost their job. So it would be good if you could keep people in the jobs they were in—not necessarily that particular job, because it might be a job that they cannot continue to do; if they are a bus driver, clearly they are not going to be a bus driver any more. But there may be other jobs that, with retraining, they could move into. The key issue is about timeliness: you need to catch the person before it has deteriorated to the point where both sides cannot stand each other any more or whatever. It happens all the time, because people are afraid to say that they are losing their sight; they are afraid to point it out. I think that is the biggest barrier that we need to overcome. We need to create a culture in workplaces where people are not afraid that if they say they have got the condition they will end up unemployed.

Ms Diamond—I think the issue is also that people go through a grieving process; they have to come to terms with it themselves, and that, intertwined with the workplace situation, does make it difficult. As advocates, unfortunately we often are not even aware of a situation until they are very much at an irreparable stage. That is why I think it is a culture change that we need.

Ms O'Neill—Where a situation is identified and a workplace assessment is needed to see how the person can continue to do the job, a key issue is that you need to make sure the assessment is well done—and some are not done as well as others. It would be useful for Family and Community Services, maybe through the Jobs in Jeopardy program, to provide a bit more guidance to organisations and employers, who are trying to do the right thing, about where to get a good assessment. And maybe they could quality control some of the assessments, because some of them are shocking.

CHAIR—That is a good point. We only have about a minute left because we are running out of time. You did spend quite a bit of your opening comments talking about the work activity test and some of your concerns regarding its application to the disability group. I take it that your concerns are mainly in regard to those who are blind on disability. The reason I say this is that the data that we have at the moment shows that there are currently just over 670,000 people on disability support pensions in Australia, 54 per cent of whom are aged over 50, which means 46 per cent are aged under 50. That to me is an alarming figure. We cannot possibly have a work force where 670,000 people are disabled as such; they are not able to engage in work. There has to be quite a large proportion of those who have some ability to work; otherwise we would be the most disabled work force in the world. We already have one of the highest disability support pension rates in the world. We know as a fact that people who are disabled make some of the best workers in a company. Some of the evidence that comes out from the United States, which is not well known, is that on every criterion—job satisfaction, retention, sick leave; all the various criteria that are used in employment—people who have some form of disability rate very highly. So surely there is a place for an activity test; otherwise we are basically turning our back on a very large cohort entering into the work force.

Ms Diamond—I think the point that we were trying to make is that activity testing alone is not a solution. You need the infrastructure and the culture to allow people with disabilities to work, like the infrastructure to get to work and the appropriate equipment that works, so that they can perform their job like anyone else. The requirement of activity testing alone will not solve the problem at all, because it places the onus back totally on the individual, the person with the disability, whereas really it is the responsibility of all citizens to ensure that everybody can take part in the workplace in whatever way they are able to.

Ms O'Neill—Perhaps I could quickly add—recognising your limited time—that your comment reminds me that in our submission to the simplification consultation paper—

CHAIR—I have not seen that; I am sorry. Yes, I have seen it now.

Ms O'Neill—We made a point about the current assessment process for getting on to the disability support pension. People who are blind are not subject to a work capacity test so they do not have to prove that they cannot work at award wages. But such an activity test is based on individual impairment level, so it is actually very medically based. It is about whether you can sit or do all sorts of things. That, frankly, is a nonsense because across all disability the biggest problem is inaccessible infrastructure and discrimination. So we say that, if you are going to assess work capacity, you need to assess barriers to participation. Do not look at whether or not someone has a wheelchair or whatever—you can fix that sort of thing. It is whether or not that wheelchair can get on a train that matters. Maryanne could have the best capacity in the world. But, if she is sent out into an area she does not know and told to go into a building that is filled with obstacles and where she is likely to walk into an open manhole, what is Maryanne's capacity to get to that job?

CHAIR—I guess that is what our committee inquiry is all about—that very concern that you are raising.

Ms O'Neill—But I would say to the committee: shift from thinking about disability from a medical perspective and look at it as a social problem. Look at the barriers to participation and

try to assess those. For example, a lot of our members do not even get to the point of getting an interview. They put in applications but do not get an interview—often because they have a misguided sense that they should reveal that they have an impairment before they go for a job, and that is the killer. If you say in your application that you are blind, you are not going to get an interview.

CHAIR—Is part of that problem that there are two different systems in operation? You have the FACS system and also the DEWR system in terms of the open employment and disability employment providers?

Ms O'Neill—I do not think that is necessarily contributing. The only way I can immediately think of it contributing is that I think the disability employment providers have areas they tend to look to for employment. So you might end up with a ghettoisation of people with disabilities in certain areas, and then other areas think they are free not to have to be accessible. It happens in, say, the Commonwealth Public Service: a lot of people with disabilities work for FACS, Centrelink, the caring departments. I do not know how many Finance has, but I doubt that it has many. So you have this sense that people think they do not need to take care. That is the sort of barrier we are talking about. Everything needs to be made accessible. Also, perhaps we could have a voluntary system. There should be ways of encouraging people before going to the stick. We know that our members are going for work and getting knock-backs all the time, and I think it would be quite destructive to force people to go through a system that has patently failed them so far.

A final comment about the American research is that often you have to look at why people are so loyal. Our members tell us that they stay because they cannot get another job and, 'It's better the devil you know.' They get a job and they stick with it because they know what their chances are of getting another job. They do not get promoted and they have very little access to internal training opportunities. That is a generalisation, but we are talking generalisations. Some people have excellent opportunities, but in the main they do not. Training opportunities in house are advertised in ways that people cannot read about them, and the courses are not accessible to people who are blind. That people get jobs and stay in them I do not think paints a particularly rosy picture, because they cannot actually leave them.

CHAIR—Thank you very much. We appreciate your time in giving evidence. We may need to get back to you with further questions. But I do thank you for your submission and the work that has gone into it. We wish you very well. Certainly our recommendations will reflect the disability sector, because the number of submissions that we have received has been overwhelming.

Ms O'Neill—Thank you.

Proceedings suspended from 12.36 p.m. to 1.10 p.m.

WILKINS, Dr Roger Kingsley, Research Fellow, Melbourne Institute of Applied Economic and Social Research, University of Melbourne

CHAIR—I welcome Dr Roger Wilkins. I apologise for the delay. The proceedings here today are formal proceedings of the parliament and, although the committee does not require witnesses to give evidence under oath, you should understand that these hearings are legal proceedings of the parliament and warrant the same respect as parliament itself. Giving false or misleading evidence is a serious matter and may be considered a contempt of parliament. We prefer that all evidence be given in public, but if at any stage you wish to give evidence in private please ask to do so and we will consider your request. Would you like to make some preliminary comments before we move on to questions?

Dr Wilkins—I submitted three working papers to the inquiry—

CHAIR—Very substantial working papers, for which we thank you very much.

Dr Wilkins—Primarily, I thought their value was as background information. My motivation for submitting them was that I think it is important to get the basic facts correct. It is not nearly as straightforward a task as we might hope, and I think it is an important basis on which to proceed in terms of making decisions about the way to improve participation in paid work. I guess I do not need to reiterate the main points from the working papers that I submitted. Accompanying the working papers, I itemised the main points that I thought were relevant to the inquiry, although there are a couple of other points that I could make.

CHAIR—Sure. Go for it.

Dr Wilkins—The first is with respect to the working paper that is a joint work with Dr Yi-Ping Tseng on reliance on income support in Australia. One other finding that I think might be relevant to this inquiry is that there is evidence in recent years that the average length of time of those on income support has been growing. This is associated with the increase in the number of people receiving pensions and parenting payments relative to other payment types, in particular the Newstart allowance. Another point that I think is relevant to make is from the paper *Labour market outcomes and welfare dependence of persons with disabilities in Australia*. A finding there was that the adverse effects of disability in terms of employment outcomes or participation appear to be worse for low-skilled prime age people. Whilst this might be expected, it is useful to be aware of it, because it gives some indication of the type of policies that are likely to be needed for people with disabilities. They were the other relevant main points as background information to this inquiry that I outlined in the submission that accompanied the working papers.

CHAIR—Could you just outline to us what you believe are the main reasons for the increase in the length of time of those on income support?

Dr Wilkins—The first thing I would like to say in response to that—

CHAIR—Sorry, but perhaps you could tie it in with the single male group, because you do mention that the single male cohort has grown disproportionately compared to any other group while the female one has decreased.

Dr Wilkins—It is very much connected to what has been going on in the labour market for males. I did notice in other submissions that this is an issue that has been raised and I know it has come up in previous hearings of this inquiry. It has been noted that the male employment rate has been declining at least over the last 30 years. There have been opinions expressed as to the reasons for that, and I think there is a lot of intermingling of the effects of the welfare system with the effects of what is going on in the labour market. The truthful answer as to the decline in male employment rates is that we do not really know at this stage why there has been this decline. In fact, a program of research that I have going on at the moment is an investigation along those lines. It is something that I have commenced since I actually made the submission to this inquiry. It is still very much in progress.

CHAIR—Can you at least isolate it to a certain age group?

Dr Wilkins—No. In fact, one of the findings so far is that this decline is evident at most age levels for males. Some of the decline could be viewed as positive in the sense that it reflects increasing participation in education, and there has also been some increase in self-funded early retirement, but a lot of it does appear to be involuntary. It is focused on low-skill males, males with low levels of educational qualifications and often with disabilities, which links to the topic of the *Labour market outcomes and welfare dependence of persons with disabilities in Australia* working paper.

CHAIR—I am interested in that because I would have thought, on some of the evidence that we have received and from our own anecdotal evidence, the increase in unemployment among single males might have very well been due to retrenchment levels. Perhaps they are a group that has been targeted more for retrenchment, particularly if they are older.

Dr Wilkins—I could not comment on the mode by which these males find themselves not in work whether it is through retrenchment or other mechanisms. It certainly does seem, though, that the labour market has changed in a way that is not favourable in particular to males with lower educational qualifications. That would be related to these sorts of factors that come to mind: changes to the structure of the economy—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 affect. 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.

CHAIR—Part of that would be that, with the increasing casualisation of part-time employment, females, rather than single males, are tending to move into that area. Would that be one of the answers? It is such an important area, given that single males are in the highest levels of the unemployed, and there has to be some answer to that.

Dr Wilkins—I agree. In February I was at the Australian Labour Market Research Workshop, at which there was a large number of labour economists gathered, and in fact we had a

roundtable discussion on this very issue. The conclusion of the discussion was that we needed to do more research as we really did not understand what was going on.

CHAIR—Everyone has their theories, and you have too.

Dr Wilkins—Yes, a number of people do have their theories.

CHAIR—The other point in your paper which is worth exploring is that one-sixth of income support recipients receive payments continuously for more than 5½ years. How old is that research? I would have thought that some of the work that is happening at the moment with Job Network 3—case management and intensive assistance—might have made some impact on the longevity of people on unemployment.

Dr Wilkins—Yes. I have seen some evidence presented by the Department of Employment and Workplace Relations that average duration on unemployment benefits has been declining. Against that is the fact that the proportion of income support recipients who are on longer term payments, such as parenting payment—parenting payment single, in particular—and the disability support pension has been growing. On the currency of the research, this 5½-year period was from the beginning of 1995 until midway through 2000; that was the period examined for that research.

CHAIR—It might be worth while going back again now.

Dr Wilkins—Yes. We can now access data which goes up to the end of 2002. That would enable us to investigate whether average durations have since been declining.

CHAIR—What do you believe we need to do in order to address the issue, even if it is three or four years, of people being continuously on payments? What do you believe is the response government should be making?

Dr Wilkins—I do not think there is any easy solution. I think that, when you are talking about payment types like disability support pension and parenting payment single, where there has been quite a bit of growth, the very nature of the person receiving that payment suggests that they will be on the payment long term.

From a personal perspective I would advocate perhaps not so much reducing the stay on income support but rather reducing the dependence on it. So perhaps more moves towards facilitating an ongoing long-term combining of work and welfare receipt may be a model that is worth pursuing. Perhaps related to that—although I know that this has been a fairly politically controversial area—with the disability support pension is whether you create some expectation on recipients that they should not work full time but perhaps, given their capacity for work, undertake some sort of part-time work.

CHAIR—As long as we differentiate across the disability sector. That is what we have been hearing, even this morning, from the blind society—that you cannot look at disability as just one group.

Dr Wilkins—No. It is a very diverse group. Certainly expectations would have to be tailored to individual capacities.

CHAIR—I am concerned about the growth in the disability sector. The information we have here from the department is that we have in Australia currently 673,000 people on disability support pensions, of whom 54 per cent are aged over 50 and, conversely, 46 per cent are under 50. That is one of the highest proportions of a work force on disability anywhere in the world. I struggle to accept that we have that many people who are actually disabled and cannot work.

Dr Wilkins—I totally agree.

CHAIR—What would be so unique about Australia that we have a work force that is far more disabled than any other work force in the world? I am not trying to target the disabled individual but it must say something about our system of welfare.

Dr Wilkins—There is what you might call an all or nothing approach with the disability support pension. I would not for a moment argue that all people receiving the disability support pension are disabled, and there are a lot of people not with disabilities who are not receiving the disability support pension. This all or nothing approach is perhaps contributing. The growth in disability support pension receipt has been discussed, and it has received media attention, particularly the growth since about 1990 or 1992.

The evidence from my research is that a lot of that growth has been via movement from other income support payments and that the extent of welfare dependence of people with disabilities in the community has not in fact changed a great deal, at least over the period that I was able to examine in that study. There seems to have been a lot of movement from other income support payments such as unemployment payments. Part of the explanation for this growth in the receipt of the DSP may be the increasing activity requirements on unemployment payment recipients.

Ms HALL—Do you think it could also be connected to—and I know you touched on this earlier—retrenchments, redundancies, changes in the work force and changes in the types of jobs?

Dr Wilkins—I have no doubt that they have played a role as well, but I cannot substantiate that with research that I have undertaken.

CHAIR—Are there any international comparisons in your work?

Dr Wilkins—Not in the working papers that I submitted to this inquiry.

CHAIR—One of the responses to the question that I posed earlier about the sheer number of people on disability is that we have a different type of welfare structure in Australia to that of some countries overseas and that we may not be comparing apples with apples. I am wondering whether you have done some research in that area.

Dr Wilkins—No. There was an OECD report that I think came out last year—it may have been the year before—called *Transforming disability into ability*, which did undertake a number

of international comparisons with respect to the labour market outcomes of people with disabilities and the rate of receipt of disability pensions.

CHAIR—It is more that the welfare system itself identifies people with disabilities as a separate group.

Dr Wilkins—Right. I believe that report did undertake some discussion of the differences in the systems.

Ms HALL—I will continue along the same lines with questions about people with disabilities. I am interested to note that you identified that young people with disabilities are much more likely to be in the work force than older people with disabilities. I was wondering if they were better able to adapt the assumptions being made about their disability. Do you think that they might be—and this is linked to my previous question—better able to adapt to the situations that exist within the work force and that employers are more prepared to employ a younger person? Do you think, because there are quite negative stereotypes surrounding more mature age workers and significant barriers for mature age workers to enter the work force, a mature age worker with a disability is basically at the bottom of the heap? Do you think there is a connection?

Dr Wilkins—Yes. Young people by their nature are entering the work force. That is a stage of life where you tend to be more commonly looking for work, whereas in mature age that is less common. There are two questions: how do these mature age people end up out of a job and why do they have difficulty then getting another job? I am only speculating as to the extent to which it has to do with employer perceptions versus the person's own perceptions. Younger people are more prepared to change their ways. There is certainly more benefit in acquiring new skills if you are young, because you have a much longer working life remaining after you acquire those new skills.

Ms HALL—Maybe that is a perception that prevents employers taking on older workers—the perception that the older worker is not as adaptable or flexible. I will just refer to some figures I have here in front of me. I am looking at a graph that was drawn up following a 1999 Drake Management Consulting survey of 500 senior executives and human resource managers. That was nationwide. It showed that zero per cent of these employers identified 50-plus as the age group that they preferred to employ; 64.5 per cent of those managers said that that was the age group they preferred to retrench. Maybe there is a correlation between those figures and the figures that relate to cost disability.

Dr Wilkins—I am sure that they are not unrelated.

Ms HALL—I want to ask you something else, linking into disability, employment and whether your research has shown that there is a correlation between the skill level and the education level when it is determined whether or not a person with a disability is employed and how that links in with that mature age factor. I am looking at whether people with high skill and high education, regardless of their disability, find it easier to get work if they are a mature age worker or whether your research has identified that, if a mature age worker has a low skill level and low education level, they are more likely to be on some sort of disability payment and unable to find employment.

Dr Wilkins—I am not quite sure what question you are asking there.

Ms HALL—Is there any correlation between the skill level and the education of a mature age worker and their ability to find employment? At a high education, high skill level, regardless of disability, can they find employment? With a low skill level and low level of education are they more likely to be unemployed?

Dr Wilkins—I cannot answer that question off the top of my head.

CHAIR—In your opening comments, you said that low skilled, prime age people are more adversely affected by disability in terms of employment opportunities if they are disabled.

Dr Wilkins—Yes.

CHAIR—So you can make that correlation. You have disability, low skill, prime age, unemployment.

Dr Wilkins—Yes. The less educated you are the worse the effects of disability are. More educated individuals seem to be less adversely affected by disability, which is quite possibly related to the type of work that they are qualified to do. In particular, a physical disability is very detrimental to a person working in an occupation which requires physical labour, which tends to be more common for workers with lower skill levels or less education.

CHAIR—I am sorry, but we are running out of time. You make another observation in your research that is worth going through. I am not trying to be party political here but you say that the proportion of total income that income support recipients derive from welfare payments has remained unchanged since 1982.

Dr Wilkins—Yes.

CHAIR—That is your proposition—suggesting that there has been little increase in the participation in paid work among income support recipients. That, to me, is an indication not that there is necessarily a disincentive but that there is no incentive through the interplay between welfare payments and start wage rates. Maybe it is the tax system; maybe it is the overlap between tax and welfare. Do you have a comment to make about that?

Dr Wilkins—As I said earlier in my opening remarks, there are indications that the average length of time on income support has been growing. That, all else remaining constant, would tend to increase the average proportion of income that families are deriving from income support payments, so there must be something else changing to have kept that proportion of income stable. What that might suggest is that the combining of work and welfare receipt has in fact increased because, if the average stay on income support were shorter—if people were on income support for shorter periods—then they would be spending more of a given period getting their income from other sources, which would tend to decrease the share of the income that they were getting from income support. So, given that average days on income support have increased, we would have expected the share of the total income that they were receiving from welfare to increase. The fact that that has not might suggest that there has been more combining of income support receipt with part-time work, for example. I am not entirely sure of the issue

with respect to interactions between the income support system and the tax system and wage rates and how that might relate to this point about the proportion of total income that is derived from income support.

CHAIR—You seem to know of no research in that particular area.

Dr Wilkins—No.

CHAIR—Thank you very much, Dr Wilkins. You have got 300 pages for us and we could spend 301 minutes or thereabouts going through every page. Certainly your point about single males is of great alarm to me. If you have any other information that you could throw to us on that to shed a little more light on the issue, we would certainly welcome that. It certainly is a concern. I can understand a married man perhaps dropping out because of the interplay of work and family balance with perhaps a relationship with the other income earner to take on family duties, but to me the issue of single males is a big concern.

Dr Wilkins—Yes, I agree.

CHAIR—Thank you very much for your submissions and the amount of time that you have put into getting those submissions into us. They are very extensive. We may need to get back to you on aspects of your submissions as we talk to other witnesses.

[1.40 p.m.]

DALTON, Mr Anthony Edward, Chair, Victorian Social Justice Committee, St Vincent de Paul Society

WICKS, Mr John Patrick, Vice President, National Social Justice Committee, St Vincent de Paul Society

CHAIR—Welcome. You were both sitting in the audience earlier when I read out the requirements of these proceedings, so I will not go through them again. Would you like to make some preliminary comments about the issues you think are important to this inquiry, before we move to questions and discussion?

Mr Wicks—We would both like to make a short statement. I will not reiterate everything in the submission, but succinctly say in a slightly different way some of the points we are trying to make. For any country, a major goal must be to get the maximum of the population involved in productive work, ideally paid work, although we must never forget the huge productive contribution made by unpaid workers, be they volunteer bushfire fighters, lifesavers or many forms of carers. The essential sought-after benefits from paid work include: high levels of national production of goods and services; 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; higher revenues for government but reduced calls on welfare payments, enabling higher expenditure in other crucial areas; and many desirable social objectives, including greater participation by all citizens in the community, improved self-esteem and health, reduced crime and so on.

The plain facts are, however, that, despite claims of the highest rate of participation in paid work for over 20 years, the welfare bill is still growing. An unacceptable proportion of the work force cannot achieve a satisfactory standard of living and do not enjoy sick leave and recreation leave and have no or grossly insufficient provision for old age. Research indicates that national productivity is still below what it could or should be. Our social fabric in many areas is breaking down, evidenced by untenable levels of child poverty and rising crime, vandalism and incarceration rates.

Clearly, something is just not right in the way we are managing or dealing with participation in paid work. We at St Vinnies simply ask why, and we urge the committee to address that question. In particular, some of the factors we urge the committee to focus on are as follows. One, are we failing to define precisely what paid work should mean and therefore are we failing to achieve the essential objectives of paid work? Two, of the many factors influencing the labour market over the last two decades, casualisation has been the most profound. But have we developed a full appreciation of the implications of casualisation and have we developed an adequate response to it?

Three, at a time when more than 12 per cent of the work force have no paid work or inadequate hours of paid work, why do we have massive shortages of participants in full-time paid work where there are vacancies? I am talking about teachers, child-care and aged care

workers, nurses, many other medical staff, regulators and those in many skilled trades. Why is the labour market failing to meet these needs? Four, in seeking high levels of participation in paid work, what are the crucial links that must be addressed between such work opportunities and education and training, the availability of housing and accommodation within commuting distance of paid work, the availability of child care, transport costs and availability?

Five, when participation in paid work has major benefits, why is it that those making the transition from welfare to paid work are penalised by effective taxation of 60 per cent or more, when the wealthiest citizens in the country pay a top marginal rate of 48.5 per cent? Further to this financial penalty is the considerable risk of job insecurity. We have come into contact with many families that have been plunged into poverty precisely because the decision was taken to move into paid work. When the job ended, the families faced a six-week wait for the recommencement of income support from Centrelink.

Mr Dalton—I would like to pick up on that last point and expand on this. I believe that therein lies one of the major disincentives to people on pension support of one form or another going back into the work force. Just from the work that I do in the field—even this week I have met two people in this situation—I have found that one of their major concerns is that, if they go back into a job—which is almost certainly going to be casual or part time or which, even if it looks like a full-time job, has a probation period—very shortly after that happens they will be out of a job again. The churn rate for these people is very high.

If this is a mother with two children to feed, she has a fairly steady and secure income coming through from the Centrelink system. The instant she goes back into work, that is diminished and cut back—instantaneously. Then, a little bit later, when she is out of work again, it takes her six weeks to get the income level back up from Centrelink. In the meantime, how does she feed the children? Who pays the rent? We do, in many cases: they have to come to us because they are suddenly in very dire straits. If they are a parent with children, they really hesitate before they make that decision to go back into what is almost certainly a temporary job.

I believe that that is much more a disincentive to them than the 60 per cent marginal tax rates that they face, for instance. I do not believe that is as big a worry as the loss of income security. Until that point is addressed and fixed somehow in the way Centrelink works, this disincentive is really going to work against getting these people back into the system.

CHAIR—Thank you. Let us start with the last couple of points that you made. The working credit scheme was introduced about six months ago. I would have thought that was meant to capture the very problem that you have just outlined. What evidence do you have at the moment that that is actually working?

Mr Dalton—I do not think anybody knows about it out there in the field. I have read about this and I am familiar with the way it works; it is just not out there in the field yet. People do not know and understand how this works.

CHAIR—If they go to a Centrelink office, they will be told about it.

Mr Dalton—Yes, but the people that we deal with—and we are dealing with—

CHAIR—Do you know about the working credit program?

Mr Dalton—Yes. I do not think I understand it fully, but I know how it works.

CHAIR—And you advise your clients about it.

Mr Wicks—We are not Centrelink offices.

CHAIR—I realise you are not, but you are called upon for advice from people every now and then. I realise you are not a Centrelink office, but you have that expertise in working with people in need and you can give them advice or at least point them in the direction of where the advice can be gained.

Mr Dalton—At this stage, my response to that would be that I only learned about this from a release that came to us a matter of two or three weeks ago. I am still not confident that I know and understand how that system operates.

CHAIR—It has been in operation for the last seven or eight months.

Mr Wicks—I have talked to a couple of people who have been down to Centrelink and just cannot understand the material they have been given by Centrelink. They have been given material which says they should do this, this and this, and this is the legislation and so on. They just do not understand it. When you go to Centrelink you are queuing up, there are about 40 people in the queue and they are all pressing forward for you to get out of the way so they can get there. And the explanations to them are not sufficiently clarified. A lot of people just give up and walk away from those. A lot of programs are like that at the moment. For example, there is tax benefit A and B. You go down to Centrelink and they explain it to you. At the end of the day, when people at the counter say, 'What the hell do I do?' they say, 'It's your choice. Go away and read it.' They still do not understand it. I am saying that the system does not really operate in a form which helps people to understand the legislation.

Ms HALL—Do you have many people that you see—looking at the working age and relating it to working—who receive debts from Centrelink because they do not understand the requirements under the reporting system?

Mr Wicks—Yes, quite a few.

Mr Dalton—Yes, there are many.

Mr Wicks—In fact, there was a bit of a stir three years ago when we counted up the number of formal referrals to St Vincent by Centrelink, and it was 84,000 in one year.

Ms HALL—That was 84,000 people referred to—

Mr Wicks—From Centrelink. They came with a printed form which said 'Referral from Centrelink'. It created such a stir. We had a meeting with Tony Abbott, who was then minister for employment. The formal referral ceased. The numbers remain the same, but they do not refer them on formally. We had the 84,000 little referral forms. They ceased.

CHAIR—There were a lot of those issues, but I do not want to concentrate our very limited time in talking about Centrelink, because this inquiry is about worker participation levels. Where Centrelink impacts on worker participation levels, that is fine. In some of the early pages of your submission, you made a very good point when you asked what we mean by paid work—participation in paid work. Can you just elaborate on that? I know there are formal statistics about when we count people who are in work and not. You are saying that we should get away from that and perhaps look at an actual—

Mr Dalton—The point we were trying to make is that the presentation of work force statistics at this point do not relate very well to the social impacts of unemployment, because they are very statistical in nature; they follow a certain statistical pattern that does not have a great deal of correlation with the social impact of unemployment. What we were suggesting is that, if the unemployment statistics could be gathered and used in such a way that they more accurately reflected that social impact, then whoever is trying to manage the unemployment would have a much better tool with which to work in terms of—

Mr Wicks—Let me give you some ideas about what the social impact would be. The current unemployment rate is about 5.4 or 5.6 per cent. It is absolutely meaningless. It means absolutely nothing. All it means is that a large percentage of the work force has more than one hour a week. That is the definition of being employed: you have one hour of work in the reference week. It means absolutely nothing. It also means absolutely nothing to say that we have the lowest rate in 20 years. Twenty years ago, most people worked 35 hours a week and we did not have a one hour a week definition. That came in through the ILO in Geneva in the late 1980s.

CHAIR—That was done for international comparison reasons, wasn't it?

Mr Wicks—Yes, and it is crazy. I went to ABS yesterday. I was really annoyed. They said they have an explanation of how they derive these. They got off the Internet for me a 300-page document. I wanted to find out where this one hour comes from. It says, 'At the ILO we agree to one hour of work a week.' That is the finish. There is no explanation. That is totally unacceptable for a country like Australia. In China, one hour a week might give you a bowl of rice to keep body and soul together for a week. But it is not appropriate for Australia, and I do not know how that definition got in there or how it got accepted. But let us look at some alternatives. I ask you to read that Dennis paper.

CHAIR—I actually know Richard Dennis. He is a friend of mine.

Mr Wicks—Oh, good, that is excellent.

CHAIR—His name has come up twice in the last week. We should meet him. We should get him in.

Mr Wicks—The current Australian labour force, according to the ABS statistics this week, is about 13.9 million. Then you have to take out women who do not work, the disabled and so on. Then it comes down to about 9½ million. If you say we have 9½ million people who are capable of working 35 hours a week, you get the total potential productive effort of the Australian population. Then you can say that we have two million or three million working 40 hours a week, so many working 15 hours a week, so many working six hours a week and so on. If you

add that up and you put one against the other, you start to get a picture of what we as a nation are capable of doing and what we are actually doing. Then you start to get a real assessment and see that we need to do a hell of a lot more because we are losing a lot of productivity and there is a lot of wasted effort.

We can do more to get these people into employment. The problem is that the unemployment rate we now use has become so highly politicised that people do not want to look at different definitions; they do not want to move on to look at it in a different way. But they have changed the definition in such a way that the current figure is meaningless anyway, so why have it? Why not move to a new way? Richard Dennis has some very good ideas in that paper.

CHAIR—We will take those comments on board. The other one is that you make a recommendation in your submission that we should tighten regulation of part-time and casual work to ensure that those employed under these conditions receive fair and secure compensation for their work. Also, in you opening comments, you expressed concern about casualisation and part-time work. We have heard from two different witnesses now who have said that the take-up rate for changes that were made to some awards to allow casual workers to move to full-time employment after six months has been very low. In fact, in the metal trades award, there was an example cited that only two people out of 500 who were eligible took it up. Why should we tackle the issue if that is what the work force is voting for? That indicates to me that it is flexibility that they are after. Some academic research that we have been shown shows that people are looking for flexibility in the work force. Casualisation and part-time work does not meet the needs of everyone, but they meet it for a large cohort of jobseekers.

Mr Wicks—I would say a small cohort because—

CHAIR—Thirty-nine per cent was one of the statistics that was read out.

Mr Wicks—Australian Bureau of Statistics data shows that over 600,000 people—I think it is 620,000—who are on casual or part-time work do not want casual or part-time work; they want full-time work. That is an actual study.

CHAIR—I do not know what that means as a proportion, because I was told that 39 per cent of people in a survey that was done wanted flexibility in the work force.

Mr Wicks—It is very difficult—

CHAIR—I do not discount the fact that there are people in casual and part-time work that do not want it, they want full-time work.

Mr Wicks—More than half according to those figures.

CHAIR—I understand that, but it seems to me that in this whole discussion about family, work balance and lifestyle, there is a significant number that do want that flexibility. It may not be the majority yet, but there is a growing number.

Mr Wicks—We are not denying that there a large number in the work force who are very happy to do casual and part-time work because they have to look after children and they need

those odd hours when they can earn an income. We are saying that we know that there are 620-odd thousand who do not want that, and the people we talk to are infuriated by it. For example, I am retired and the last time my wife and I went somewhere to celebrate our wedding anniversary, I asked the people around the hotel what they were, and they were all casuals. I asked, 'Do you get annual leave?' They said they did not get annual leave, sick leave or superannuation.

CHAIR—But they know that; that is part of the deal that they—

Mr Wicks—No, they cannot take it to the employer. If they do, the employer will say, 'You are out the door. You're casual'. To give another example, my son is a bus driver up north. I asked some of the other bus drivers and they are permanent casuals. They can be sacked at a minute's notice. They can be laid off. They have no sick leave, recreation leave or superannuation. And a recent Treasury inquiry—

CHAIR—I understand all that, and that is one of reasons I was floored by the information that came out this morning about that metal trade where only two out of 500 people took it. The answer we got was that, even though they did not get sick leave and annual leave and all of those sorts of things, getting that higher rate and that flexibility more than compensated for their needs.

Mr Wicks—I will tell you what they like: they like the fact that they get a better hourly rate than they would if they were getting sick leave, recreation leave and the rest of it. All that is doing is storing up a problem for Australia, because down the track you are going to have a huge number of the population with no superannuation whatsoever. They will be dependent on welfare. They will be driven into part-time poverty during the year. If they get sick with no sick leave, where do they go? They come to us, because they will have no money whatsoever.

Ms HALL—The interesting fact that has been drawn out about this issue of whether or not people in casual employment want full-time work is that we have received an enormous number of submissions and evidence from people who argue that people would like to have full-time employment and that there has been a problem with the casualisation of the work force. We have received a couple of submissions that have shown that. Research has been done in areas that proves both sides of the argument. So I think it probably needs to be honed in on and looked at. Industry based: you will find that certain industries have a long-term culture of working from contract to contract and therefore they are more likely to be willingly employed under those terms. There is a difference between people working through labour hire and people working on contract. I think we have a very different work force from the kind we had before. To say that people do not want full-time employment, based on the limited number of studies and the limited research we have, is probably a bit out of kilter in other ways.

Mr Wicks—Don't governments have an obligation? For example, people say: 'I'd prefer a few more shillings this week—and I won't have sick leave, rec leave or superannuation,' and you say, 'That's your problem.' It is not their problem; it is Australia's problem for the future. It is Australia's problem when they fall sick.

Ms HALL—I think you are identifying a long-term problem. We need to make sure that people who are underemployed are offered full employment. I wanted to ask you a quick

question. I refer to information we received this morning from the Brotherhood of St Laurence. They argued that there are significant disincentives to move—this is linking a little to where you started your submission—from welfare to work, and that maybe a situation of bridging, with concession cards and assistance in the initial stage, would help people make that transition in a smoother manner.

Mr Dalton—We have suggested a six-month carry-on of the welfare payments and a one-year tax holiday. I think the unions would call that an ambit offer but we believe that something of that nature, regardless of the exact way it works, would really help in getting people through that transition period.

CHAIR—Thank you very much. There is a lot in your paper. We have spoken to a number of welfare organisations. I would have liked to have spent a bit more time with you. You make a lot of very sensible recommendations, some obviously calling on government to increase funding or involvement—that is par for the course. In your last recommendation, No. 14, you state that some sort of forum should be established between federal, state and all the different players, to look at overlapping responsibilities.

We have heard evidence from a number of providers who are doing that already, without government. We heard from the Brotherhood of St Laurence who, through their Atherton Gardens project, do something along those lines, and Logan City Council in Queensland is trying something along those lines. There are pockets where that happens. I take note that perhaps more of that could be done. Often the problem is not the lack of service, it is the overlap and lack of knowledge of the services. Why do we have a problem in Fitzroy, where there are services running out of our ears? And we have a problem in Whyalla where there are no services, and they would love some. So there is a problem there. We thank you for your submission.

[2.05 p.m.]

BLANDTHORN, Mr Ian John, National Assistant Secretary, Shop Distributive and Allied Employees Association

CHAIR—I welcome Ian Blandthorn, from the Shop Distributive and Allied Employees Association, a union that I had some involvement with in my previous life. The proceedings here today are formal proceedings of parliament. Although the committee does not require witnesses to give evidence under oath, these hearings are legal proceedings of parliament and warrant the same respect as parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. We prefer evidence to be given in public, but if you want to give some evidence in private at any stage, you may ask to do so and we will consider it. I also thank you for adjusting your time for us.

Mr Blandthorn—I recognise that the committee is short of time and will try to keep my opening remarks fairly brief. The members of the committee would obviously be well aware—probably better aware than I am—that, in recent times, the government has released a number of policy documents in respect of retirement policy and also welfare reform. What seems to at least in part underlie those documents is a rightful concern with certain demographic trends in Australia, particularly the ageing of the population and the decline in fertility. The focus of our submission is to say that the implications of these trends can be effectively addressed only if the government is prepared to address them within a context which encourages families to have children and which supports families with children. The fundamental issue is not how to increase participation in the work force per se; rather, it is how to increase participation in the work force within a context of supporting Australian families.

In our view, the wellbeing of families is fundamental to the wellbeing of Australia; therefore we very consciously link the two together. In our view, fundamental to providing support to families is ensuring that they have the capacity to do what they do best. Clearly the job that families do best, even though sometimes things go off the rails, is to raise the next generation. In our view it would be counterproductive to encourage work force participation if the price of doing that was to undermine the capacity of families to carry out their fundamental roles. Different families make different choices. The government should respect the choices families make and support and facilitate those choices. There is a substantial body of evidence that we have gone to in some detail in our submission showing that the majority of families clearly prefer to have one parent at home—particularly when their children are little—and there is a clear relationship between work force participation, particularly with the second parent, normally the mother, and the age of children.

A survey of our own members shows that over 85 per cent say that the primary reason they work is economic necessity—that they need to earn that income in order for their family to survive. Nevertheless, families still very much relate their work force participation models to the needs of their children. We say to the committee that in our view government policy should be aimed at maintaining and facilitating return to work where that is what families want. Government policy should not be directed at forcing families to have both parents in the work force, particularly when children are preschool or school age.

In our submission, we go into some detail about the issue of the recognition that needs to be given—and to some degree is already given by academics but in our view needs to be given much more by government—to the value of unpaid work: the work of parents and others in the community carrying out unpaid, caring type work. Government policy should facilitate family choice by ensuring that families are not penalised for having children and for helping parents to balance work and family. At the present time there are a range of factors that militate against families being able to, first, survive economically and, second, participate in the work force. High marginal tax rates, the levels of tax and in many cases low wages all militate against many families being able to participate effectively in the work force. They act as disincentives for families to participate in the work force. By participating in the work force many low income families are only marginally better off than they would be if they were on social security. That is hardly an incentive for families to participate in the paid work force.

In our submission we have raised a range of issues as to what we think could be done by government. Some of these clearly have budgetary implications, and we do not resile from that. The issue of high marginal tax rates needs to be addressed. Whilst we acknowledge that there has been a range of reforms of the tax system over recent years, we believe there is still a need for a fairer tax system to be created with greater vertical and horizontal equity.

I draw the attention of the committee to the fact that with social security payments the withdrawal rates are now so low that many low income families are receiving only partial payments. One illustration of that is family tax benefit A. If there were two shop assistants living together, each earning the award rate of $507, they would not get the full family tax benefit A payment; they would get only part of that payment. Nobody could say that $507 a week, or even that multiplied by two, is a substantial income. Yet the withdrawal rates are now cutting in at such low figures that families on those sorts of incomes no longer get the full benefit of family tax benefit A. One could make similar comments in respect of the parenting payment.

One of the groups that falls into the category of families who are particularly struggling is large families. The additional payment made to large families is now only $4.32 a week. It is little more than a token payment and it does nothing to address the needs of larger families. The other side of this coin, apart from reforming the tax and social security system, is to help families to better balance work and family. Clearly we support the introduction of a paid maternity leave system. We believe that such a system should be inclusive and non-discriminatory and that it should effectively be means-tested and paid by government; it should be at the minimum wage for 14 weeks. We draw attention to the need of many families to have quality affordable child care. For a variety of reasons, many families are not able to access that. There is a need to encourage employers to create more family friendly workplaces by doing things such as extending the amount of time people can take off for parental leave, allowing women who are coming back from maternity leave to come back on a part-time basis to allow for things such as family leave and prenatal leave and, in particular, encouraging employers to give greater recognition to the needs of women or families with children when drawing up rosters. We believe a major issue in terms of encouraging participation is security of employment. People want security of employment. Too often, in the environment we live in, there is not security of employment. There has been a growth of insecure employment. That acts as a disincentive for some people to participate in the paid work force.

An issue that is very critical to encouraging work force participation is access to vocational education and training. In recent years there has been a great growth of the New Apprenticeships system, but we would say that there is a lack of funding for that system. In particular, state governments relying on federal funding are now looking at ways to reduce levels of participation in the vocational education and training system when in our judgment they should be expanding that system. There is a need for older workers in particular to be able to access the vocational education and training system. There is a need for them to be able to get formal recognition of the qualifications that they have in practice. We would also say that there is a need for greater emphasis on not just the delivery of training but the delivery of quality training that produces quality outcomes.

There is a range of other issues that we address in our submission, but fundamentally we would say that encouraging work force participation must be done in a context of ensuring that we also deliver adequate levels of support to Australian families to carry out the fundamental roles that they have.

CHAIR—Thank you very much. Your submission is very extensive. You cover a whole range of issues, from poverty right through to older workers, flexibility in the family, and the tax system. I am interested in some of the comments that you make about the tax system and its interplay with the welfare system. It is a pity that we only have a few minutes to talk to you about these issues. One of the issues that have emerged which you have not covered is casualisation and part-time work. That has probably affected your members more than any other group over the last few years. What is your assessment of what that means for work participation levels at the moment?

Mr Blandthorn—I do not think that there is a simple answer to that question. We have surveyed our members on that issue. 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. On the other hand, 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.

I think one very good example of that is what Coles supermarkets have done in recent years. A few years ago Coles supermarkets launched a major campaign aimed at converting casual employees to permanency, and they were besieged by their employees to convert to permanency. I think the company would say that that has been very much a win-win situation. They have gained by having a more permanent work force—a work force that, in their view, is more attached and committed to them. At the same time, the employees have also gained. That is notwithstanding the fact that Coles supermarkets still employ a lot of people on a casual basis. We would say that that shows that, in the retail industry, there are employers who recognise the value of permanency and who can make greater levels of permanency work.

Ms HALL—What are the three most important things that you think government can do to improve all of the issues that you have detailed in your submission? I know that it is hard to keep it to three!

Mr Blandthorn—Addressing high marginal tax rates is a critical issue. If they were effectively addressed, I think that would—

CHAIR—You want them lowered?

Mr Blandthorn—No, I am talking about the interaction between social security payments and the withdrawal rates attached to those social security payments, and the tax system.

CHAIR—So perhaps raising the level of the tax free threshold?

Mr Blandthorn—Changing the tax free threshold or changing the withdrawal rates for social security payments—there are a range of possible methodologies that government could introduce. But it is the interaction of the high levels of taxation and the high withdrawal rates at relatively low levels of income that works very much against encouraging people, because what it means at the margins is that a lot of people say, 'I am only marginally better off—or I am not even marginally better off!—by participating in the paid work force.' I draw the committee's attention to the fact that both sides of parliament have at various times identified this issue, and I go back to—

CHAIR—We have had evidence on that, too.

Mr Blandthorn—The second issue is balancing work and family. I think it is unfortunate that Australia is one of the few countries in the Western world that does not have a paid maternity leave system. We think there are certain ways that that should be introduced, but it is a very important system to introduce.

CHAIR—Why shouldn't business be the ones to pay for that?

Mr Blandthorn—Our submission does not suggest that business should pay—

CHAIR—I know that, but why shouldn't they?

Mr Blandthorn—We would argue that a paid maternity leave system should be a non-discriminatory system—

CHAIR—Doesn't it become an entitlement that an employer has to give?

Mr Blandthorn—We look at it differently from that. We look at it on the basis of supporting families—encouraging families to have children and giving them adequate levels of support when they do. So we say that all people with children, subject to means testing, whether they are participating in the paid work force or not, should be entitled to that sort of payment. Again, there are various ways to introduce that, but we do not say that it should be limited to people who at a particular point in time are in the paid work force—that if, for any of a variety of

reasons, you are not in the paid work force and you get pregnant then somehow you should miss out.

The third issue that needs to be addressed is vocational education and training. Greater funding for the vocational education training system, a greater emphasis on quality training outcomes—I acknowledge that in part that is a state responsibility, but it is also in part a federal responsibility—and greater access to the training system for older workers are very important if we want to encourage work force participation.

CHAIR—Some would say that that is all in existence. Mature age workers just do not avail themselves of that. We heard evidence yesterday in South Australia that a HECS type fee system on vocational training would be far more attractive to mature age people. The idea of paying up-front for a TAFE course to do a certificate and improve your skills to get back in the work force is a disincentive when you do not know whether you are going to get a job. So maybe a deferred payment system should be introduced.

Mr Blandthorn—I give you a couple of examples that would go in a different direction to that. Firstly, there are many people—often women—out there who have worked in the retail industry for 15 or 20 years. In many cases they run the store in which they are in by default. They supervise younger people. Yet they are seeing younger people coming in with qualifications—often gained through the new apprenticeship system—leapfrogging them, simply because the younger people with the actual piece of paper are being preferred to the older people, who in many cases have the skills but do not have the piece of paper. The system does not allow those older people to easily acquire—

CHAIR—That is not my point. You are referring to employer bias. That is another issue. I accept that there is a real bias towards younger people. I was referring more to the incentive that a job seeker has to upgrade their skills. When they look at a younger person getting a job, they are saying: 'Why should I go and upskill myself when, at the end of the day, I have to pay for it, and the employer is not going to give me preference anyway? They are going to give it to this 25-year-old.'

Mr Blandthorn—There are two responses to that. This is not a comment about employer bias, because there are many employers in the retail industry who would sit here and say exactly the same thing as I have just said. They would like to be able to give their people access to that sort of recognition of prior learning, recognition of their current competencies, if it could be afforded. They do not want, for a variety of reasons, to fork out the money when there is no money in the system, or an inadequate level of money in the system, to fund them. So those people are missing out, not through the fault of the employer, but because the system does not effectively fund their access.

On the other hand, often the people in the work force—take retail as an example—are early school leavers and they have not had the benefits that many people have had these days of going to year 12 and then going on to university. We would say that those people should be able to access vocational education and training without being burdened by a HECS system. You are quite right. Many people would not choose to avail themselves of that sort of training if they had to be committed to a HECS system because there are insufficient guarantees, and financial returns from areas like retail do not give them the opportunity to do it. We do not think HECS is

the answer. We think giving people who have not had the opportunity to complete year 12 of secondary schooling that opportunity free of charge is the answer.

CHAIR—Thank you very much for your submission and for appearing before the committee. You have covered some of the areas which have been raised with us previously and you have raised a couple of new ones as well. We have had some, but not many, submissions on the tax system and the welfare system, so I welcome your comments and perspective on that. We will ensure our colleagues read your submission and the transcript. If there is anything else you feel it is important for us to know or any research that would be helpful, please let us know.

Resolved (on motion by **Ms Hall**):

That the committee authorises public release of the transcript of evidence received today.

Committee adjourned at 2.26 p.m.