



**SUBMISSION TO HOUSE OF
REPRESENTATIVES STANDING COMMITTEE
ON EMPLOYMENT, EDUCATION AND
WORKPLACE RELATIONS**

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

30 APRIL 1999

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INQUIRY INTO OLDER WORKERS

TERMS OF REFERENCE:

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INTRODUCTION

National Seniors Association (NSA) is Australia's largest organisation for people aged 50 and over, with a national membership of 162,000. Just over 60 per cent of its membership are people under 65 years of age. Its objectives are:

- To provide economic and social benefits for persons aged 50 and over.
- To advocate issues critical to their well being.
- To make donations and provide advice to charitable institutions assisting the ageing.
- To contribute to the development of responsible social policies that address the needs and aspirations of people aged 50 and over.
- Promote positive images of ageing which raise community awareness and reduce negative stereotypes.

NSA is a not-for-profit organisation which does not seek government funding. It aims through education, advocacy and service to enhance the quality of life for all Australians by promoting independence, dignity and purpose.

In this respect, NSA is committed to highlighting the plight of the crisis developing in the labour market for older workers. In March 1999, NSA submitted a proposal to the Prime Minister and other Government Ministers entitled *Time To Arrest The Myths About Mature Age Employment* which argued for a national education campaign aimed at notifying employers on the benefits of employing mature age employees. It was suggested that this be facilitated through the Prime Minister's Round Table and the Business and Community Partnerships initiative.

NSA remains firmly of the view that this is the desired course of action in the first instance and believes this Inquiry should endorse this approach.

THE STATISTICS

NSA subscribe to the Australian Bureau of Statistics for a special series of monthly labour force survey estimates of unemployed persons 50 and over both by sex and duration of unemployment. In this respect it does not have specific information on the unemployment rate among the 45-49 age group, apart from what is available on this subject using the 45-54 age bracket provided by the ABS. With regard to the former information, March 1999 estimates reveal there are 91,900 people in this category searching for employment. Of this number 63,500 are males and females comprise 28,400. Just under 50 per cent are considered long term unemployed in that they have been out of work for more than 12 months.

But what is perhaps more disconcerting is the widespread evidence which is becoming available that shows these figures are understating the real nature of the unemployment crisis for mature age workers.

Research conducted by the National Institute of Labour Studies (NILS) showed how unemployment rates for older workers are deceptive in that they neglect the number of "discouraged workers" who have given up the pursuit of paid employment and rely upon superannuation, investments or a partner's income for financial survival. For instance, among 45 to 54 year old women, the official unemployment rate is only 4.9 per cent, however after accounting the number of discouraged jobseekers, NILS place this figure at 6.9 per cent.

Among 55 to 59 year olds and 60 to 64 year olds, the inclusion of people who have given up all hope of finding a job lifts the adjusted unemployment rates to 10 per cent for males and 12 and 13.4 per cent for females in the two respective groups. These findings complement earlier work of Rife and Belcher (1994) who found older workers are more likely to abandon job search and withdraw from the labour market than members of other age groups. Further, the ABS found in 1996 that 62 per cent of all discouraged jobseekers come from the 45-69 age group.

On the same point but from another perspective, ABS Labour Force data shows there are 6.1 million people aged over 45 living in Australia, yet only 2.9 million (48.1%) are considered to be members of the labour force in that they are either working or are searching for full or part time employment. Therefore, it is evident there is a huge loss of human resources as a result of older workers leaving the labour market.

UNEMPLOYMENT FIGURES - PEOPLE 50 AND OVER

CATEGORY	UNDER 52 WEEKS	LONG TERM UNEMPLOYED	TOTAL UNEMPLOYED
Males (50 plus)			
October 1997	30,500	36,700	67,200
November 1997	34,500	36,100	70,600
December 1997	29,200	38,000	67,200
January 1998	33,600	34,500	68,100
February 1998	34,300	39,200	73,500
March 1998	26,800	39,000	65,700
April 1998	26,200	37,000	63,200
May 1998	35,200	33,000	68,200
June 1998	36,700	30,800	67,300
July 1998	31,800	37,700	69,500
August 1998	30,600	34,700	65,300
September 1998	33,500	37,000	70,500
October 1998	30,900	31,200	62,000
November 1998	29,500	35,800	65,300
December 1998	27,900	32,100	60,000
January 1999	29,300	32,900	62,100
February 1999	32,600	35,500	68,000
March 1999	30,900	32,600	63,500
Females (50 plus)			
October 1997	15,800	13,900	29,600
November 1997	14,300	9,400	23,700
December 1997	14,300	13,900	28,200
January 1998	19,600	9,600	29,200
February 1998	20,900	14,100	34,900
March 1998	18,100	14,000	32,100
April 1998	16,300	12,200	28,400
May 1998	15,600	12,400	28,000
June 1998	16,000	12,000	28,100
July 1998	15,700	14,700	30,400
August 1998	16,700	14,400	31,100
September 1998	20,300	13,900	34,200
October 1998	13,200	13,300	26,500
November 1998	13,500	13,900	27,400
December 1998	14,200	12,800	27,000
January 1999	15,700	11,000	26,700
February 1999	16,400	13,500	29,900
March 1999	17,100	11,300	28,400
All Persons (50)			

Plus)			
October 1997	46,300	50,600	96,900
November 1997	48,800	45,500	94,300
December 1997	43,500	51,900	95,400
January 1998	53,200	44,000	97,300
February 1998	55,100	53,300	108,400
March 1998	44,800	53,000	97,800
April 1998	42,400	49,200	91,600
May 1998	50,700	45,400	96,100
June 1998	52,700	42,600	95,200
July 1998	47,500	52,400	100,000
August 1998	47,300	49,100	96,400
September 1998	53,800	50,900	104,700
October 1998	44,100	44,400	88,500
November 1998	43,000	49,700	92,700
December 1998	42,100	44,900	87,000
January 1999	44,900	43,900	88,900
February 1999	48,900	49,000	97,900
March 1999	48,000	43,900	91,900

Source: ABS Labour Force Survey

DISCRIMINATION

NSA is of the view that there are two major employment concerns for mature age people in the labour force. The first relates to the treatment of older workers who are currently in employment, yet are experiencing a degree of age discrimination and alienation as a result of changes in management and production practices. The second is the difficulty the mature aged have in searching for work with many workplaces adopting subtle discriminatory recruitment processes. NSA is also mindful of the existence of what can only be termed "reverse discrimination" which occurs when employers know they must avoid putting an age limit on a position however they only select a younger person for that position. A senior jobseeker may apply for the position on his/her merits, but in reality has wasted their time as a rejection is inevitable.

The existence of discrimination operating at these two levels cannot be denied. For further authority in this area please refer to the report *Over the hill or flying high?* prepared by Professor Sol Encel and Helen Studencki of the Social Policy Research Centre, University of New South Wales for the Anti-Discrimination Board of NSW. In analysing age complaints in that state, this report found employment was by far the most fertile ground for complaint.

NSA believes consideration needs to be given to an issue which was highlighted in the Interim Report from last year's Conference for Older Australians as a method of decreasing some of the discriminatory pressure which is applied to older workers just shy of their retirement. It centred on the need to encourage organisations to investigate more flexible arrangements for improving the "retirement" process with greater emphasis on skills and knowledge transfer from older to less experienced workers.

NSA's APPROACH

NSA has adopted the following policies to address the issue of long term unemployment among older workers.

- **In an attempt to dispel the myths surrounding mature age workers, introduce a national education and information campaign directed at Australian businesses, both large and small, detailing the benefits of employing people 50 years and over such as reduced absenteeism, fewer accidents at work, reduction in job turnover, loyalty, benefit of mentoring and the rapport with the ever-growing 50 plus market.**
- For instance, it is evident that many employers balk at providing training for employees aged over 50. However, with studies showing the benefits of training an employee lasting up to six years, the company that provides this re-skilling to a mature age employee is more likely to reap the benefits of this investment than one which does so for a younger employee who may be more mobile in seeking other positions and depart a firm before the full benefits of this six year period are realised.**
- **Provide additional financial support for training programs to assist the excessively high number of long term unemployed in the 50+ age group to increase their skills and be better prepared for employment.**
 - **Provide additional financial and other incentives for Job Network agencies to assist clients into employment in the 50+ age group.**
 - **Recruitment processes in the Australian Public Service should give consideration for the mature age long term unemployed to work in government agencies which service older clients.**
 - **Provide a reimbursement to those States which provide a reduction in payroll tax for those organisations employing the long term unemployed.**

The need for an education campaign targeting employers has been supported as a priority in the JobsEast report *Profiting From Maturity*. NSA notes that a Government policy commitment for the October 1998 election, was to develop with employer associations a *Mature Age Workers Project* to assist older jobseekers in the Job Network.

NSA also understand that there are organisations such as Don't Overlook Mature Expertise (DOME) in South Australia and Western Australia who specialise in finding work for the mature aged, who support the adoption of measures being put forward in this submission on the basis of their coordination by the Federal Government.

AGEING LABOUR FORCE

As well as the identified issues of discrimination, there are several other factors which need to be examined by Government and the community generally. Mature age Australians will constitute an increasing proportion of the labour force in the future. There are currently 5 million Australians aged 50 and over, just a touch above 25% of the total population. In the next thirty years this number will reach 10 million and represent 40% of the total population.

Added to the anticipated increase in life expectancy during this period, there will be a clear necessity in the twenty-first century for Australia's seniors to play a critical role in the labour market as the number of workers under 50 declines markedly.

According to Australia's foremost researcher in this area, Professor Sol Encel of the University of New South Wales, by 2015 at least half of Australia's workers will be mature aged. It is clear initiatives like the Pension Bonus Scheme will need to be expanded to accommodate the likelihood of people working for longer periods. In this sense, it is crucial the Government assist in creating an environment among employers which ensures there is no legacy of prejudice about employing older workers.

If current trends of devaluing the importance of older workers continue, Australia will face the problem of an ageing population completely ill-equipped in the sense that it does not have a labour market with a history of recruiting and retraining mature age employees.

The repercussions this is likely to impose on our nation's productive capacity could be significant. Put simply, with a shrinking labour force who is going to do the work which is needed to maintain Australia's living standard?

The seeds of a culture which positively promote the capabilities of mature employees needs to be sown now in the minds of Australia's employers. NSA believe the International Year of the Older Person (IYOP) provides an ideal climate to commence this process.

RETRENCHMENT & TRAINING:

As was mentioned earlier in NSA's policy approach, the reticence of employers to undertake training for their older workers needs to be seriously questioned. ABS statistics indicate that almost two-thirds of all unemployed people do not have post-secondary qualifications.

Despite research supporting the high potential for mature employees to undertake successful training and the strong likelihood that an employer adopting this approach for an older worker will be the main beneficiary, the perception abounds that you "can't teach an old dog new tricks". This is another of the myths that NSA believe can be terminally discredited if a national education campaign of employers is undertaken on this matter.

The need for further training is particularly relevant to the employment prospects of older workers. Many in this age bracket are involved in industries which head the list in retrenchments and naturally this means mature workers are over-represented in retrenchment figures. For example, manufacturing companies have led the field in "downsizing" staff and older workers comprise a high proportion of people employed in this sector.

RECOMMENDATIONS:

- Adopt the NSA policies outlined on page 2 of this document. These include:
 1. The implementation of a national education campaign aimed at all employers extolling the benefits of employing people 50 years and over.
 2. Financial support from the Federal Government for training programs to increase the skills and job readiness for people in the 50+ age group.
 3. Further assistance for Job Network agencies to assist mature age clients.
 4. Streamlining of public sector recruitment processes to give consideration for mature age long term unemployed to work in government agencies which service older clients.
 5. For State Governments to provide payroll tax concessions for those organisations employing the long term unemployed and the Federal Government to reimburse the States for this loss in revenue.
- Through the Prime Minister's Round Table and the Business and Community Partnerships initiative, undertake an education program for employers on the benefits of employing people aged 50 and over.
- In the Prime Minister's Employer of the Year Awards, include a category for businesses which offer job opportunities to mature workers, either through recruitment of retraining procedures.