COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON EMPLOYMENT, EDUCATION AND WORKPLACE RELATIONS

Reference: Issues specific to older workers seeking employment, or establishing a business, following unemployment

MONDAY, 22 NOVEMBER 1999

CANBERRA

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HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON EMPLOYMENT, EDUCATION AND WORKPLACE RELATIONS

Monday, 22 November 1999

Members: Dr Nelson *(Chair)*, Mr Barresi, Mr Bartlett, Dr Emerson, Ms Gambaro, Mrs Gash, Ms Gillard, Mr Katter, Mr Sawford and Mr Wilkie

Members in attendance: Mr Barresi, Mr Bartlett, Mrs Gash, Ms Gillard and Dr Nelson

Terms of reference for the inquiry:

Inquire into and report on the social, economic and industrial issues specific to workers over 45 years of age seeking employment, or establishing a business, following unemployment.

WITNESSES

Committee met at 10.06 a.m.

GILLESPIE, Ms Margaret, National Industrial and Liaison Officer, Canberra Office, Community and Public Sector Union

MEDFORTH, Ms Rae-Anne, National Industrial Organiser, Community and Public Sector Union

CHAIR—I declare open this public hearing of the inquiry into mature age workers, and welcome the representatives of the CPSU who are here today to give evidence. I remind you that the proceedings here today are legal proceedings of the parliament and warrant the same respect as proceedings in the House. The deliberate misleading of the committee may be regarded as contempt of parliament. The committee prefers that all evidence be given in public, but if there is anything you wish to say in camera then please indicate to us that that is your wish and we will consider that.

I invite you to give us an overview of the CPSU submission, emphasising the major problems and recommendations, and then we will discuss it for half an hour.

Ms Medforth—I will give an overview of the critical points from our submission. There is generally a perception that older workers are less productive in the workplace. Employers believe that an older worker may bring attributes such as maturity and experience in the job, but that these attributes are offset by older workers' perceived lack of enthusiasm and drive and by the employers' belief that older workers are difficult to retrain. Many employers consider that older workers have greater experience and maturity, more developed work ethic, reliability and loyalty, and lower rates of turnover and absenteeism. But again, on the other hand, there is a perception that they are more resistant to change, have a lack of appropriate skills and are difficult to retrain.

This is supported by the fact that older workers are less likely to access training on an equal basis to other workers. It is their prime age counterparts who usually have more access to training. In many instances, it is the age based stereotypes held by employers which contribute to the older workers' limited training opportunities. Such lack of opportunities often is reflected in lack of confidence experienced by older workers in their ability to learn, a factor that has an impact on development opportunities and further employment opportunities of older workers. We note that while levels of unemployment for this group are lower than those of younger workers, the incidence of long-term unemployment suggests that, once older workers become unemployed, their ability to regain employment is significantly lower.

I now wish to touch upon the actual impact of job reductions in the Australian Public Service. One of the CPSU's major areas of concern was highlighted in the ANAO report that found that there was little attention paid in agencies to the ability to conduct business or consideration of the most cost-effective way of combining staff retention, retraining, redeployment, retrenchment and recruitment decisions to achieve the desired skills profile. The report also found that there was little emphasis placed on managing the corporate knowledge of the agency; in addition, little attention was paid to the work force skills profile

and workplace diversity profile, including age, of the agencies. This indicates, we believe, that no thought was given to the prospects of future employment of older workers.

The ANAO found that the proportion of staff aged over 40 with 10 or more years experience had increased, but, with respect to retrenchments across the APS, proportionately more staff aged 50 and over with more than 10 years experience were being retrenched. This indicates, we believe, that a significant level of corporate knowledge was lost from the service without any thought of what knowledge may be required in the future.

The introduction of the Workplace Relations Act 1996 limited matters that could be contained in awards. Previously, the award covering redundancy entitlements for all Australian Public Service workers allowed staff a period of retention if they chose not to accept an offer of voluntary redundancy. This retention period was seven months for staff up to the age of 45 years, and 13 months for those older than 45 years. The retention period was used to seek redeployment options within the APS and was particularly useful for those staff members 45 years of age and older. This was of particular benefit for people employed at the time in regional areas as redeployment options and other employment options in regional areas are more limited, as are employment opportunities generally. As a consequence of the award stripping process, the retention period has been removed from the award entitlement. It is left to the agency bargaining process to negotiate this entitlement back for staff employed in the Australian Public Service. Where this has not been possible, redundant staff members have a far reduced period to seek redeployment options.

Perhaps we can look at a particular case study. Many people have a perception that many public servants are at management level. If we look at somebody who is a customer service officer in a regional area who has been working in that job for some time, they are classified generally at the ASO3 or ASO4 level, which is not at a very high salary, so their opportunities for finding further employment in the service or further employment in the general employment sector are very limited. There is also a perception that these groups of people have a significant level of superannuation entitlement if they have been contributing for some time. But it is also worth while noting that, while there is a push for people saving for their own retirement, the average pension per annum for someone under the CSS scheme is $20,354. The average pension for someone in the PSS, which is the scheme which is still operating at the moment, is $14,489. Those figures have come out of the annual report of both those superannuation schemes.

I now wish to touch upon some of the initiatives which are undertaken to assist people in gaining employment. One in particular is the NEIS scheme. Unfortunately, client eligibility for such a scheme as the New Enterprise Incentive Scheme restricts those who can participate. Staff from the Public Service who have been made redundant are prohibited from participating in such a scheme until they are eligible for a Centrelink allowance or pension, which includes a living allowance benefit. This precludes staff in receipt of a redundancy payment gaining valuable advice before entering small business as they need the capital from the redundancy to establish the business. I understand that a number of the other submissions have also drawn your attention to this point that many people are precluded from participating in the NEIS scheme or other schemes because they have some savings or other benefits. They may use that to establish a business themselves, but they have to drain that before they can access any assistance and training in relation to these matters.

In conclusion, there are several points we wish to raise. The APS should manage staff reductions, paying particular attention to work force demographics. This should highlight the effects of staff reductions on age and length of service profile, with particular attention to those staff aged 45 and over and to equal employment opportunity groups, but it should also inform the development of appropriate strategies to assist the ongoing management of the agency's corporate knowledge as well as work force course skills, diversity profiles and succession planning.

The government policy parameters for Australian Public Service enterprise bargaining should ensure that redeployment and retention periods in redundancy entitlements are maintained, thus ensuring older workers have the best opportunity for redeployment, as was the case under the previous award. Employers should be encouraged to adopt more flexible approaches or to seek other mechanisms whereby older workers can manage their transition from full-time employment to retirement in phases which encourage new employment opportunities. The eligibility criteria for such schemes as NEIS and other training and development schemes should be reviewed for workers aged over 45 in receipt of redundancy payments to allow access to schemes immediately upon retrenchment.

Consideration should be given to greater levels of financial and other forms of incentives to encourage employers to hire older workers, and public education campaigns should be conducted to alert employers to the benefits of employing workers aged over 45, noting the ACIRRT survey experience that workplaces that adopt a positive approach to integrating mature-age workers' skills and experiences become more productive.

Mrs GASH—You stated just a minute ago that a common stereotype of older workers is that they are less productive and so on. What current research do you have to back that up? What you are quoting here is the training reference committee of 1995, which is fairly old research material.

Ms Medforth—There are also those perceptions in the ACIRRT report. I will just find them.

Mrs GASH—While you are having a look, perhaps I can ask you my next question.

Ms Medforth—Yes.

Mrs GASH—What is the Community and Public Sector Union actually doing to try to overcome this? I heard you mention a couple of things, but have you taken on board anything specific to try to overcome this problem, this perceived image? It is undoubtedly out there. There is no question about that.

Ms Medforth—It is certainly out there. I might just go back to the first question. The material that I have is the Pickersgill research, which is 1996 research conducted by ACIRRT. So I suppose some of the published material is a few years old.

Mrs GASH—That always worries me, because times do change very quickly in the work force, as you realise.

Ms Medforth—Yes, that is the case. One of the difficulties is that research published in volumes and in things like that is often a couple of years old before it actually hits the deck. Going on to your second question in relation to what we are doing, in the first instance we are trying to educate members in relation to maintaining their skills and making sure they are engaged in training, to make sure training is available to them while they are working so that they do not fall into the category of having missed training opportunities available to them. In terms of the bargaining process and the education campaigns which the union is undertaking, we are trying to alert people to the fact that just because they are over a particular age does not mean they are going down the slide in their abilities, in their intelligence or in any of those types of things.

Mrs GASH—What is the wage, roughly? You mentioned an AO3-4.

Ms Medforth—In the mid-thirties. There is a scale.

Mrs GASH—And the NEIS scheme is not just a public service scheme.

Ms Medforth—No. I can talk only from our side of things, but I understand that it could impact on anyone. I was looking at the transcript, so I understand that other people have raised the same issue.

Mrs GASH—I just brought that to your attention. It is one that we need to take on board and think about.

Mr BARTLETT—Most APS redundancies were voluntary, weren't they?

Ms Medforth—They were classified as voluntary, yes, but I think there is another side to that. If you have a structure put in front of you and your job no longer exists in that structure, it is fairly clear that most people will say, 'My job is not there. I do not really have a choice. I had better go.'

Mr BARTLETT—So, apart from that guaranteed retention period of seven months or 13 months, did those people who did not take voluntary redundancies find that they had to take involuntary redundancies after that time?

Ms Medforth—To my knowledge, there have been limited, if any, involuntary redundancies at this stage. Most people have seen the writing on the wall and have opted to go.

Mr BARTLETT—But those who did not opt to go did not then find themselves forced out of work after that retention period had elapsed?

Ms Medforth—My understanding of it has been that they just go.

Ms Gillespie—They go anyway. They are not in employment in the APS anymore. The retention time is there so that they can look for another job within the service. If they elect to take that path of redeployment then they have a number of opportunities open to them to

find another job. That buys some time—and often people will find another job—but at the end of that period they are excess officers, they do not have a job.

Mr BARTLETT—They are then sacked, basically?

Ms Gillespie—Usually it is then when people sign a piece of paper and elect to go.

Mr BARTLETT—They elect to go?

Ms Gillespie—In a technical sense, they are voluntary. The reality is that they do not have a job any longer and they actually go.

Mr BARTLETT—How effective was that retention period in assisting them to find other employment?

Ms Medforth—My understanding is that it was most effective. It allowed people to gain some additional skills which they might need. That then allowed them to transfer to other areas of the APS, to other agencies which maybe they did not have the necessary skills or the knowledge in the first instance to go to. My understanding is that it was very useful.

Mr BARTLETT—Do you have any figures or percentages on those who were involved in that program who successfully redeployed?

Ms Gillespie—We can certainly provide APSLMAP, which is the Public Service Commissioner's deployment unit, if you like, which publishes statistics in terms of redeployment. Sometimes it is very hard to disaggregate the movements across the service. Perhaps I could give you an example. I was responsible in 1996 for looking after transport and regional development. When regional development was abolished, some 200 jobs went straight away and some 200 people were suddenly left asking, 'What am I going to do?' A process was negotiated in that agency for job swaps with other agencies—that is, when somebody from another agency actually wanted to leave the service, somebody who had been in regional development went into that job at that level, provided they had the appropriate skills, et cetera. That is where that time process is also extremely important.

There is a difference between when there is an announcement that a large number of jobs are going at the same time, as happened in the downsizing that occurred over roughly 15 to 18 months from 1996 onwards—and I am not saying that that is the only time that that has ever happened—and other times when there is a small internal restructuring and, say, five jobs might go. So there is a difference there in terms of the available market within the APS.

There is also a difference in terms of regional employment. For example—and Rae-Anne could probably go into this in more detail—in ATSIC, for example, quite often you will have regional offices. A lot of those service agencies will have an office, say, in a town like Tennant Creek. The manager might be no more than executive level 1 or an ASO6 and a number of officers may be in the lower classifications in a small town. You can see that there are very different needs if a job gets cut and where you can go to.

Obviously, the impact of ill-considered downsizing within the APS has a tangible effect not only on the individual worker and, obviously, his or her family but also in regional Australia it has a very tangible effect on the local economy as well particularly if there is an ageing work force. In rural and regional Australia you can see that those kinds of ill-considered decisions in downsizing can have quite a large impact.

It is also important to have a look at where decisions are made about how job cuts occur. The decisions, of course, are made in Canberra, but the decisions ripple throughout the whole regional economy around the country. Sometimes we can certainly see that there are very divergent points of view as to whether one cuts service jobs or jobs that are in Canberra. Of course, there are divergent points of view in our membership about that depending on where you work and live, and there are different skill sets.

There are people who may—and we have certainly seen this—work in service areas where there have been budget cuts. They find that there is continual change. Also, because of budget cuts and their inability to service the clients who walk in to get whatever the government service would be, they are just as likely in a time of job cuts to put their hands up for packages because of the loss of morale and people not wanting to be there anymore. This is particularly the case if they are working in a really pressured environment.

At the same time we are also seeing things like harassment of staff. You get clients who are very angry if they cannot get service so you get this face-to-face harassment. You can see that a lot of those things add up to the reasons somebody would put his or her hand up to a so-called voluntary redundancy. There are a lot of mechanisms at play in this.

Mr BARTLETT—Do you think that a lot of those people who take voluntary redundancies have an unrealistic expectation of their chances of finding employment outside of the Public Service? If so, do you think that can be addressed effectively by a better awareness education process within the APS before the redundancy package is offered?

Ms Medforth—I think that perhaps members are becoming more aware that employment opportunities are more limited. Earlier on in the piece people thought they would have no problems getting employment outside, but I do think that as time has gone on people are being a bit more conscious that employment opportunities for anybody are far more difficult. I think that an education campaign with data which probably tracked people would be helpful. For some time we have been trying to get some information which tracked people after they left the service to find out what their employment opportunities were.

Mr BARTLETT—Do you have that information?

Ms Medforth—No, we do not have that information. But it is something that we had sought for some time. It is unfortunate because I think that then would give you the real hard data of what happened when a person left: how long it took the person to get a job; if he or she got a job whether it was a similar type of employment or in a similar area.

Mr BARTLETT—Is there an attempt now to inform employees before they consider a redundancy? Is it still basically left up to them?

Ms Medforth—From our side of things we are always making sure that people think very carefully about this. We say, 'Look at what is out there at the moment. Even though your payout is this amount of dollars, really that is only six months pay, or something like that. Do you realistically think you are going to get a job in that period of time?'

Mr BARTLETT—If I could just return to the question of the retention period. You said that while you could not put a figure on it, you thought that the retention program was very effective in assisting redeployment. But you made the comment in your introductory statement that, under the current award, protection is not there. There is no guarantee of a retention period.

Ms Medforth—No.

Mr BARTLETT—Do you have any means of comparison, though, of figures of the level of effective redeployment under the current system vis-a-vis the former system?

Ms Medforth—The former system was when it was in the award. Now in a number of areas, for instance, I organised and negotiated those retention and redeployment systems in the certified agreement in the workplace. So they have continued. That has not been able to be achieved everywhere else. At the moment I do not think we have any comparative data because that probably has only happened since the award stripping process occurred and the actual simplification of the Australian Public Service award which came into effect only towards the end of 1997. There is no real way of collecting actual comparative data, I believe.

I will go back to something that you asked before about the collection of data in relation to redeployment. One of the criticisms that was levelled in the ANAO report is that a lot of that data was not collected or it was not collected properly and there was a problem with the continuous record of personnel, which is how that type of material is collected. It was inputed incorrectly; therefore, our capacity to have real data on those redeployment options is not nearly as significant as it should be.

CHAIR—We have almost finished, but I would like to ask you about phased retirement. One of the constant suggestions put to us is that we ought to, as a society, be able to develop a phased retirement system so that people might begin retiring in their early, mid or late 60s. Has the CPSU given any thought to that and how might that work?

Ms Medforth—I think it is one of the things that we touched upon at the end of the report. There has not been a significant amount of thought given to it. There has been thought given to it but things have not come through to fruition at this time. I believe the way in which it could occur is in making sure that there are appropriate part-time options and permanent part-time options, not some type of casual basis for work. I believe you have far more chance of people looking at a phased retirement if they are sure that it is actually permanent work that is going to be undertaken and work that can be scheduled.

For instance, they would know that the first couple of years before they were going to retire they might drop back to three days a week and they would know that that would be permanent employment for three days a week and that it would not be taken away. It is far

less likely that people would want to engage in that type of thing if it were perceived that they were not in control of it and it was not a permanent option.

CHAIR—If you have a full-time job and the person is going through a phased retirement program, should the other portion of that job be taken up only by an unemployed person or, indeed, anybody?

Ms Medforth—That is not something that is—

CHAIR—One of the models, the Scandinavian model, is that the person has to be unemployed.

Ms Medforth—It is not something that we have considered.

CHAIR—I would imagine the Public Service would lend itself to perhaps someone in the mid-60s going into phased retirement. There might be, perhaps, a woman who had left to have children re-entering the work force over a two- or three- year period.

Ms Gillespie—Yes, there is a lot of part-time work already. One of the things that occurred to me when you raised that issue of phased retirement was that the certainty factor is really important. People would be really concerned that the next time there are cuts their jobs would be seen as dispensable. They would put themselves into a vulnerable position merely because they had said that they would be part time.

CHAIR—By definition they flag themselves as people who are moving out of the work force.

Ms Gillespie—Yes, it is like you have a broken foot or something—you are vulnerable.

CHAIR—I understand.

Ms Gillespie—You can see that would be in people's minds. Just one other thing that I would like to add before we finish is in relation to the ANAO report. One of the things that the CPSU is concerned about pre-budget is the fact that if there are to be further cuts in relation to the surplus the ANAO report has made very clear that what has occurred in the past in the name of maintaining a surplus has not been done correctly. We have no evidence before us at the moment that there is going to be any change whatsoever in any decisions that any government might make in relation to those kinds of cuts that are inflicted from time to time. It would be quite interesting to see, if that occurs, what kind of behaviour would take place.

CHAIR—We have to finish on that point. Thank you so much for coming along and giving us such a good insight into what is happening in the Public Service. If you have any supplementary ideas, suggestions or anything at all, please send them on to us. I apologise for the problems we had at the start.

Ms Medforth—Thank you.

[10.36 a.m.]

MATHERS, Dr Colin, Principal Research Fellow, Australian Institute of Health and Welfare

CHAIR—Welcome. If you could give us an overview of the submission and focus on some of the key points, we will then engage in discussion.

Dr Mathers—The Australian Institute of Health and Welfare has prepared a review of the evidence on the relationship between unemployment and health. That review has drawn largely on international work. There is some Australian work which is also reviewed in the submission but the really good evidence that unemployment is a cause of ill health comes from some of the longitudinal studies carried out overseas.

There is certainly evidence in Australia showing a consistent association between unemployment and worse levels of mortality and both physical and mental ill health. There are also higher levels of some risk factors like smoking, overweight and obesity in unemployed Australians. Ill health can also cause unemployment. There has been a long controversy about whether the health of unemployed people is worse because people who get sick are more likely to lose their jobs. These overseas studies have shown clearly that, while that occurs, a much larger effect is that the unemployment is causing ill health. In particular, a British study, which was based on a one per cent sample of the census and followed people over 20 to 30 years, found that people who became unemployed had higher levels of mortality and those mortality rates continued. That mortality included suicide but also cardiovascular disease, cancer and other causes.

I will briefly summarise some of the evidence. A recent prospective study focusing on older workers of over 6,000 British men aged 40 to 59 continuously employed for five years prior to the start of the study found that those who became unemployed or retired during the five years after the study started had double the mortality rate of those who remained in employment. The study then excluded those who became unemployed or retired because of ill health. It also adjusted for other factors at the beginning of the study, such as differences in smoking levels. The study found that the people who became unemployed had a 50 per cent higher mortality rate. That is a fairly good prospective study where you are starting off with men who are employed and screening out the ones who have ill health or risk factors for ill health and looking at what happens to the two groups.

There is a US study of men aged 35 to 60 including a somewhat broader age range. That follow-up study that followed men over time looked at mental health and found high levels of depression and anxiety in the ones who became unemployed. A German study which we refer to in our review found high levels of psychological distress and depression in German men over the age of 45 who became unemployed. It followed those men and found that the psychological distress and depression reverted in those who became re-employed or formally retired and the difference disappeared. Those who were unemployed had high levels of psychological distress.

Based on all of these studies, there is some evidence that the excess mortality caused by unemployed is highest for middle-aged men. In part, that is because the general causes of

mortality rise with age, so you are more likely to see these types of differences in older men and women. The studies are a little less clear for women. That is partly because there tend to be fewer studies for women and perhaps also because women's participation rates are generally lower so the numbers are not as high. Therefore, it is harder to know what to make of the differences.

Generally, the studies find that there are quite large differences in physical health for unemployed older workers. Those studies that look at younger workers tend to focus more on mental health because physical ill health, diabetes, cancer and cardiovascular disease are much less common in young employed people whereas things like depression and suicide are more a focus of concern for younger people. There is evidence that suicide rates are raised for older unemployed people as well.

In terms of Australian data, our mortality data is very inadequate in identifying unemployed people. There is an occupation field on the death certificate, but it is filled out in different ways in different states and territories. The question talks about lifetime occupation, so it is very unclear what information you are getting there. Australia has not really had a good capacity to analyse mortality data and we have also until recently had very little longitudinal data to follow people. There has been a study of young Australians over time which has found some evidence of higher rates of mental ill health in unemployed young people. We now have the Australian women's longitudinal study which may also start to produce some data about unemployment in women. By and large, we have been restricted to the national health surveys which are basically a snapshot of people at a point in time. They do show that unemployed men and women report worse health than employed men and women, but they do not really help you to assess the causality of what is really going on in detail.

In our submission we did some analysis of the most recent national health survey which was carried out in 1995 using a questionnaire. I should say the National Health Survey itself report data people are asked about health problems and what their health is like and also about the use of health services. Earlier analyses by the institute have shown that unemployed people report more physical conditions, that their health is worse and they have higher use of health services. Therefore, in this most recent survey, we looked particularly at the question which asked people what their health is like on a scale, and where their responses can be excellent, very good, good, fair or poor. The fair or poor is usually taken as an indication of people who have significant health problems.

We found in that analysis that the unemployed men were twice as likely to report that their health was fair or poor as employed men. There is a little graph showing the differences by age in the submission. The difference was greatest for unemployed men aged 45 to 54 compared to employed men. Curiously, for the 55- to 64-year-old group, the difference dropped away, so there were high levels of worse health being reported at all ages up to that oldest 55- to 64- year-old age group.

The pattern is very different for women. Unemployed women of all ages are more likely to report fair or poor health, but it jumps dramatically in the 55- to 64-year-old age group, where there are three times as many women reporting fair or poor health in the unemployed group of that age. We do not know what that is due to. We simply have this data. It suggests

that the experience is quite different for men and women. That is something I might come back to in a minute.

We speculate—and it is nothing more than speculation in the absence of further research—that it may reflect differences in the ability of older men and women to access retirement packages, superannuation and so on. You may have a situation where women aged 55 to 64 whose health gets worse do not have the option of retiring. They have perhaps been in part-time or casual work or not in superannuation schemes, so they are unemployed in the sense that they are still looking for work because they need to work—so you see that big difference—whereas older men who get ill or whose health declines are more likely to have access to superannuation schemes and retire because of their ill health. They will go out of the work force rather than stay in it and be unemployed.

That is speculation. We do not have evidence to say whether it is so or not, but that data does suggest that it would be useful to look in more detail at what is going on there, which would require a longitudinal study because you have to follow people and see whether their health is getting worse before they become unemployed. Just looking at the cross-sectional data does not really allow you to disentangle what is going on there.

CHAIR—Can I just interrupt you. These are people who are registered unemployed. We are not talking about people who are not working versus those who are working. These are people in the labour market.

Dr Mathers—The ABS survey asks people what their employment status is, so it is self-report data, but it applies the standard test. The data should line up reasonably well with the registered unemployed, but it may not exactly. There is an issue there.

That gets back to the point I was making. It is clear from the review of the international evidence and the Australian evidence that the relationship between unemployment and health is not a simple relationship like smoking, where you can say, 'If you smoke, then your risk of getting lung cancer is 10 times higher.' It is not as simple as that. The experience of unemployment is different for men and women and for different age groups. The effects of unemployment will vary depending on the social circumstances. It is quite clear in some of the studies in Europe that the impact of unemployment is different in times of high unemployment and low unemployment. The health effects of unemployment will vary depending on the social support structures.

That gets to some of the issues about what it is about unemployment that is causing ill health. We review that briefly in our submission, so I will not spend much time on it now. But, briefly, there is some evidence that simple loss of income and not having access to services is one aspect of it. But the psychological distress, the alienation and lack of being part of the work force are key factors in a whole range of ways. The degree of social support and the extent to which people who are unemployed feel that they have some sort of support from society probably will have some impact on their health as well. That suggests that times of high unemployment, where there are a lot of people unemployed and it is a shared experience, may not perhaps have quite such bad effects on health as it would if you were the only person in that position and feel that you are really isolated. Again, these are really some of the speculations that people have put onto the evidence showing that there are quite

big differences in how unemployment affects health at different times—in times of booming economies and times when there is high unemployment.

To finish off, I reiterate that the relationship between unemployment and health is not a simple relationship, but it is very clear from the evidence that unemployment generally causes worse health—that is, both physical and mental—and there is some evidence that the impact is greater on older workers. It is very clear that it generally impacts most strongly on the already disadvantaged. The health effects of unemployment can increase the already existing inequalities in health across society, according to socioeconomic disadvantage, because unemployment tends to be higher in the socioeconomically disadvantaged. There is no doubt from the evidence that unemployment is a significant determinant of ill health in Australia.

CHAIR—Thank you. I very much appreciate that and the work that you do. Richard Smith in his lead editorial in the early June 1991 edition of the *British Medical Journal* said that, having reviewed those two longitudinal studies from the time of the 1971 census, the evidence that unemployment kills, particularly in middle age, verges on the irrefutable. Is that a conclusion that would be shared by you and the institute here in Australia or do you feel that the jury is still out?

Dr Mathers—I think there is no doubt that death rates are higher in the unemployed and that unemployment is one of the causes of that. There are a number of other causes as well. There are not only those British longitudinal studies that Richard Smith referred to but also similar studies in a couple of Scandinavian countries that we refer to in our submission. They have similarly found higher levels of mortality in the unemployed and that there was a causal relationship. There is no doubt that unemployment raises death rates.

CHAIR—Turning to page 5 of the submission, you have two tables there for women and men. You look at a number of indicators of poor health—smoking prevalence, doctor visits, hospital episodes, et cetera. Is the correct interpretation of the table, for example, that smoking prevalence for women is about 40 to 45 per cent higher for women who are unemployed?

Dr Mathers—Yes.

CHAIR—Are you aware of any work on the prevalence of depression—and I do not mean sadness, I mean depression as a clinical disorder—in recently unemployed men or women, particularly in this age group?

Dr Mathers—The Australian Bureau of Statistics carried out a national mental health survey in 1997. I had not seen results from it when I prepared this submission, but they have published some results looking at the mental health of unemployed people versus employed people. We could probably put together some of those results as a supplementary submission.

CHAIR—I would not mind it. If you have people over the age of 45 who have been displaced from the work force, that is clearly a critical life event. I seem to remember that the prevalence of depression is around 14 per cent. If we knew, for example, that there is a

significantly higher risk of depression in those people, then perhaps our recommended intervention should be targeting those types of things. Do you have any work on that?

Dr Mathers—This survey certainly did find higher levels of depression in unemployed men and women. It is a cross-sectional survey. It is open to question as to how much of it is unemployment causing depression and vice versa. There is no doubt that people with depression are probably more likely to be at risk of unemployment as well.

CHAIR—We frequently hear, especially on talkback radio style analyses, that suicide rates are higher for unemployed people, particularly unemployed men. Is that the case and is there a period during which they are at highest risk? For example, is it the recently unemployed or the longer term unemployed?

Dr Mathers—The Australian mortality data really is quite problematic in terms of identifying unemployed men. To the extent that we have been able to do that there is a suggestion that suicide rates are higher among unemployed men in Australia but the data is not very good.

We do not have any information that I am aware of in Australia on linking the suicide to recency of unemployment, apart from the longitudinal survey of youth which the then Department of Employment, Education and Training carried out. It certainly found some suggestion of higher suicide rates in younger people, but the numbers were not really large enough to be absolutely sure that we were seeing a causal relationship.

CHAIR—Is there any work done on the health effects of unemployment on the partners of the unemployed person, whether they be men or women?

Dr Mathers—Yes. I do not think there has been anything I am aware of in Australia, but we do refer to a few international studies in the submission. The longitudinal study in England and Wales that you referred to earlier found a 20 per cent excess mortality among the wives of unemployed men.

It is fairly difficult to know whether it is directly due to unemployment. These sorts of studies attempt to control for other socioeconomic factors. There is a suggestion there. Various papers in the literature have found a link between unemployment and higher risk of separation and divorce, domestic violence, unwanted pregnancy and increased infant mortality. These are effects on the family, not just on the unemployed person themselves. There is poorer infant growth as well and increased health service use by other family members. There is certainly some international evidence that unemployment of a family member will cause health problems in other family members.

CHAIR—Thank you. What changes would you like made to Australian death certificates that would help us as a society to better identify the relationships here?

Dr Mathers—I guess the question about occupation at the moment is fairly unclear. In some states it is specified as lifetime occupation. We have tried to think about how you might use that information better. It is fairly hard to think of a way of making that

information good enough to use in itself because it is being filled out by family members who are likely to inflate the importance of a job, change the description and so on.

A far better way is to facilitate record linkage studies which will link death certificates to other sources of data. For example, if we had information in the health survey on whether people were employed or unemployed, and we were able 10 years later to link that information to death certificate data to see the death rates in those groups, that would give us a good handle on death rates among unemployed people.

There was a Senate committee looking at retention of census identifying data. We have argued for the retention of identifying information for medical research purposes to that committee and a number of other sources. That information need not leave the bowels of the ABS computers because those linkages could be done there in a way which safeguarded people's privacy.

CHAIR—Is there any evidence that Work for the Dole, volunteerism or community service programs actually improve the health of people who are unemployed?

Dr Mathers—No, I have not seen any studies that have directly attempted to look at the effect of that. They are probably fairly difficult to carry out because most of these health effects are things that take some time to occur. That is not to say somebody may not have done it, but I have not come across anything like that.

CHAIR—Thank you.

Mr BARTLETT—Is the higher incidence of illness and earlier death a result of physical conditions related to unemployment—that is, an inability to afford better quality medical care, poorer diet and lifestyle issues—or is it a result of psychological factors brought on because of loss of self-esteem related to unemployment, thereby causing physical problems?

Dr Mathers—I think the available evidence suggests that both factors are involved. The extent to which one or the other is more important probably depends on the society and maybe even type of unemployed person and benefits they can access. There is good evidence that poverty associated with unemployment is one of the mechanisms that causes ill health. In those countries where there is reasonably good income support those effects are less important.

There is also fairly good evidence that psychological impacts are also quite crucial in this, not only in relation to mental health but also in relation to physical health. There is quite good evidence that depression, for example, raises risk of heart disease. But the other factor is an unhealthy lifestyle.

There is some evidence showing that people who become unemployed are more likely to drink and smoke and there is some causality there as well. I guess you could imagine that they might be things that people do to deal with psychological impacts, but they have adverse health effects. There are also things like time structure and eating patterns such that, if you are working, you tend to keep fairly regular hours and eat meals regularly. There is some evidence that unemployed people, because of that lack of an imposed time structure,

are perhaps likely to develop worse eating patterns and general sleeping patterns as well which have been shown to impact on health.

CHAIR—Isn't there some evidence that people who work actually drink more alcohol than people who do not? I seem to remember about 18 months ago some work—

Dr Mathers—Yes. That is probably something that varies quite a lot between countries. There are some studies in Britain showing unemployed people have higher levels and other studies show it is less, so that is maybe not one to generalise about.

Ms GILLARD—I want to be clear on the question of stigma and its effect. I think you said that in times of lower unemployment these effects are more acute because the question of stigma is greater. Is that right? If it is right, have you got any suggestions as to how we can deal with that question of stigma?

Dr Mathers—Yes. I will just see if I can find it. We referred to a couple of studies. There is a Finnish study which has followed men and women over time and it found that the mortality risks for unemployed men and women were higher in a time of lower national unemployment compared to a time of high national unemployment. There are also some British studies that have looked across areas in Britain and found that the health effects are worse where the unemployment rates were lower overall.

It really is speculation. Both of these studies speculated that there was some sort of effect of stigma contributing to this but that really has not been proven. But there certainly does seem to be a pattern from a number of studies that that seems to be happening. Social support for unemployed people does seem to be a useful way to address not only the poverty issues but perhaps some of these psycho-social issues as well by reducing that sense of alienation and psychological stress.

Ms GILLARD—The research is not really in a state where we could make anything except the broadest extrapolations about the effect on health care costs of the psychological and physical effects of unemployment. Given the government's propensity to always put a dollar value on things, is there anything that could take us down that path? I was thinking when you were talking about government initiatives that obviously the question of money comes in somewhere. To get the full cost-benefit picture, there is obviously a cost there that is occurring to the Commonwealth and the states, given the joint arrangements for health care, that we are perhaps not sufficiently identifying.

Dr Mathers—We do have evidence from our national health surveys on higher use of services by unemployed people so you could make an estimate from that of the costs to the health system. I suppose the unemployed may not be accessing the health services as much as they should be for the health problems they are experiencing because a lot of depression and psycho-social problems are not recognised by people experiencing them. There is quite clear evidence from the mental health survey that a large number of people with mental health problems are not receiving treatment, so in fact the true costs might need to be even larger.

But, no, those calculations have not been done and I guess, given the patchy nature of the evidence, they would very much be estimates and it would not be possible to give a very exact estimate.

Ms GILLARD—Thank you.

Mrs GASH—Most of the research that you have quoted is overseas research. What do we need to do to get some Australian research? Do you envisage it would be any different?

Dr Mathers—It could be somewhat different. I do not have any doubts that Australian studies would find worse health among unemployed people. Exactly what those patterns are and which groups it is impacting may be different from the overseas studies because, as I said, it is a complex relationship. One avenue is longitudinal studies which are very expensive and difficult to mount. We do have a women's longitudinal study under way. I guess that is one avenue where, if we had a longitudinal study of men and women, we could address this sort of issue in it.

But perhaps the most cost-effective way is to use record linkage now that we have gone a long way down the track of having the ability to link databases with computers at reasonably low cost. The real barriers to doing that are the privacy issues in terms of addressing those in a way of ensuring that we do not cause problems for people in linking data.

I should say that the Australian Institute of Health and Welfare holds a national death index, which is a record of everyone who dies in Australia with name and date of birth. That is strictly confidential and that information is never given out to anyone, but we have the capacity to take other data sets—for example, a survey that has been carried out in an organisation or at a point in time—and to follow that up through record linkage and identify which people have died. That gives you the capacity to start to do some of these sorts of studies. If you have some survey of a large group of people you can look 10 or 20 years down the track and see what the death rates are for unemployed people.

Improving ways of facilitating those sorts of linkages will probably be the most cost-effective way to do things in Australia to give us local specific data about what is going on for Australians.

CHAIR—It probably sounds rather like an uncertain concept, but you mentioned the psychological impacts of being unemployed. To me, apart from the economic devastation that it presents for many people, particularly older workers who have families and other things to support, it relates to the fact that in Australia we define ourselves through our work. We tend to, perhaps more so than many other countries, have an obsession with people who do work, for which they are paid. If you are parenting full time, if you are unemployed or if you are a volunteer of some sort, it is easy to feel that perhaps you have a lesser place in our society. I am simplifying it; I realise that. But is it possible for us to seek to change societal attitudes to work so that, particularly at times of relatively low unemployment, when people do lose their jobs it is not the devastation that it might otherwise be?

Dr Mathers—I do not think I am the person who can answer that question. This is probably your job, is it not? I guess that is what I have been pointing to—that some of the social impact probably comes from this. Australians, and I think most people, do identify themselves through their work and the loss of that has quite significant psychological impacts. In terms of the broader social trends which are going on all around the world, whether that sort of perception of where your value comes from can be changed, I am not sure. We certainly seem to have a lot of social trends pushing us in the other direction. People are defining themselves more and more in terms of their work, rather than less.

The other sources of sense of community and belonging are perhaps diminishing to some extent. Maybe they are being replaced by net communities or something, but many of the traditional ways in which people interact in community do seem to be diminishing. I am only speculating now; this is not stuff that the Australian Institute of Health and Welfare has looked at. Our time use surveys and other surveys that have looked at what people are doing suggest that people are working longer hours now in the 1990s than they were a decade ago. Paid work is putting more pressure on those people who have it and perhaps reducing their involvement in community activities because there is simply not enough time, particularly if you have got children. When you do lose your job, people now perhaps have less of those other support networks than they used to.

CHAIR—I strongly support work for the dole; I just have a few problems with the name of it. Is there any evidence that, in societies where there is quite an accepting attitude to unemployment, perhaps the health effects of unemployment are not as significant or adverse as they are in societies that take a punitive approach to the unemployed?

Dr Mathers—I am not sure. There are a number of studies from European countries and North America. I certainly got a little bit of an impression that in some of the Scandinavian countries with very good social support structures the impacts of unemployment may not be as great, but that was just an impression from the literature because none of the studies are really directly comparable. So I do not know that you really can draw that conclusion. It may well be the case, and it may well be the case also that work for the dole—if that is the right label—ameliorates some of the psycho-social effects as well as providing direct work experience.

CHAIR—It is much harder for people to describe you as a dole bludger—I wish they would not use those terms anyway—if you are doing something like that.

Dr Mathers—It may also get at some of those time structure and lifestyle things as well. People do seem to need some sources of time structure to assist them to some of the healthier living habits.

CHAIR—I think we are just about finished. We really admire the work that you do. Thanks for presenting it in such a succinct way. There are a couple of things that the institute in particular would want to see happen that I would be fairly confident we will be recommending from our inquiry.

Dr Mathers—Okay. Do you want any supplementary information on the record linkage stuff as well?

CHAIR—Yes, thanks. That is death certificates, I presume.

Dr Mathers—Okay, we will do that.

CHAIR—Thank you very much, Colin. That was very interesting.

Dr Mathers—Thanks.

[11.13 a.m.]

HAGGAR, Mr Clive John, Branch President, Australian Capital Territory Branch, Australian Education Union

CHAIR—Welcome, Clive. Would you give us an overview of the Education Union's view, principal concerns and recommendations, and then we will discuss that for half an hour.

Mr Haggar—Thank you for the opportunity to appear today. As the ACT Branch President of the Australian Education Union and also a member of the federal executive, I was interested that the standing committee has found our little exercise here in the ACT of some interest, because it has been an initiative that, in terms of an early retirement package to refresh the work force, we have pursued over many years.

In 1993 we conducted a scheme in cooperation with the then Follett government in the ACT that saw some 209 teachers over the age of 47 leave the work force as permanent teachers, to be replaced by persons who were younger, in the main, but anyway on the lower steps of the teaching service incremental scale. It also generated a significant number—I think about 60—promotions. The cost of that scheme at the time to the Follett government was $10 million, but over the next 10 years and by 2003 they will have saved $20 million in the lower wage levels, superannuation costs and the like that they pay the younger members of staff.

We view that as probably the most successful staffing initiative we have ever undertaken in the ACT, but the problem for us is that there have been several attempts, not to clone it but in fact to bastardise the process. The most recent we have actually described as almost an immoral exercise, because we have seen some 20 members of staff, mostly in high schools, receive offers of early retirement with a $30,000 package. That $30,000 package is being paid for out of a staff cut in our senior secondary colleges. The overall job loss equates to about 13½ teachers. That represents $600,000 that government is shifting across to fund this scheme. There will also be a profit factor, because again there will be some cheaper replacements, and therefore lower wage costs.

Despite our best attempts to persuade the local government otherwise, it is determined absolutely to pursue this scheme. We have now been in the situation over the last week to be making an analysis of those people who have had the offers, and in discussions either with them personally or with people who are working alongside them we found that almost all of them would have been leaving either at Christmas or over the next few months. So we are seeing $600,000—previously involved in staffing schools—being handed over to these people, and their smiles are a mile wide. You can hardly blame them and it is no reflection on them as individuals, but it is helping them to a retirement that they were already proceeding to.

Compare that with the 1993 scheme, where large numbers of those people who took the package at the time are still part-time employed in our system, in the main as casual teachers, filling a gap which really would be much worse if they were not there. Some of them work as the equivalent of point five. Others occasionally do full-time terms, depending

on how they are spending the rest of their life. I am aware of a couple that go to Europe every second year; they do that by working a couple of terms a year and enjoying their retirement—they are in their 60s now—as a result of that program.

In terms of the brief that the committee has about elder workers, we saw ourselves in 1993—and we still do—as having a severe problem of poor morale, of lack of currency of professional training amongst our teaching work force. It is a rapidly ageing teaching work force; the average age in the ACT now is 46. In our secondary colleges the average age would probably be knocking on the door of 50. We are going to lose 30 per cent of our work force over the next five years. If we are not able to offer younger teachers permanent employment and reasonable working conditions, we will simply not be able, despite the attractiveness of the ACT as a place to work and live, to compete with our systems interstate, or with private schools.

With the scheme in 1993 and the continuing arguments we have put up even now with this scheme, the notion has been to change the mix of the teaching work force—to provide an opportunity for older people to move into part-time work, earlier retirement, with some degree of dignity, but to get our clutches on younger teachers by being able to offer them permanent employment. We want to get them into the work force so that we can alleviate some of the major problems we are going to face over the next few years in terms of teacher replacement.

You might want to discuss with me why we so particularly focused on this group of older workers. I can talk about the last two decades in this country, particularly in the public education area. I can talk about what has happened in terms of teachers' attempts to upgrade their qualifications, the various schemes and so on. However, this is a serious problem for us. In 1993, in conjunction with the employer, we attempted to resolve these problems. I was one of the architects of the 1993 scheme. What we are now faced with is a particular disappointment because it will probably mean we will not be able in the future to do a 1993 style exercise again.

That is a pen picture of what was in my submission, and it might be best if you would ask some questions.

CHAIR—Perhaps you do not have the resources to, but have you done any work following up on what has happened to those teachers who have taken redundancies? Do you know what has happened to them in the one or two years since they have left?

Mr Haggar—We do not have those resources, we are a small branch here in the ACT, but one advantage we do have is that we know almost everybody. I talked earlier about that couple in their early 60s who are having a very pleasant retirement, yet still making a professional contribution. On the other hand, there was a character in his 50s who bought a fish and chips shop in the northern suburbs, but the business lasted only nine months. He is back now on the relief list. He has gone from a situation where he would have been relatively comfortable to one where he has to work as a relief teacher to sustain himself.

The overwhelming experience I would argue, on the basis of anecdote and of knowing many of the individuals, is that 1993 was successful. The one that we ran in between time,

which was a $20,000 exercise that we put in place a few years ago, really had minimal impact. I think there were less than a dozen who took that up that option. This scheme is going to benefit people who were going to retire anyway. I cannot see any positive value for the employer, for the government, for the taxpayer or for the education system as a result of this particular exercise.

I would say that amongst the older people who took the packages in 1993, and there was an age 47 lower limit, many of them enjoy better health consequences. They are certainly better off financially, in the main. That also has to do with the structure of the Commonwealth Superannuation Scheme. And particularly if you are a male and have had unbroken service in the teaching work force, you cannot afford to stay beyond age 55. The differential in retirement benefits can be as high as $14,000 a year if you stay beyond your 55th birthday. Those people are much better off retiring or taking a package, if one is available, and then returning to work on a part-time or casual basis.

CHAIR—Thank you very much. What about phased retirement? Is that something the union has discussed with the government?

Mr Haggar—We were one of the first teaching forces to negotiate permanent part-time work. Our rationale for that was to allow people to have a transition to retirement, and to enable women with small children to return to the work force. However, the notion of phased retirement has not been a popular one amongst our members. What they tend to do—and I suppose in some sense this might be equivalent—is take lengthy periods of long service leave. If you are in your 50s and you have had unbroken service, you have probably got over a year of long service leave on half-pay. You can eke it out by taking off a term in the middle of winter and going to warmer climes. Of course, given the age of the work force, that does provide opportunities for younger people to come in, albeit on a contract basis, to replace them.

CHAIR—Thank you very much.

Ms GILLARD—I know these have been highly structured exercises. Obviously, from your submission, one was much better done than the other. One of the questions that we have been discussing at this inquiry is the degree of information that people get before they take a voluntary departure package. By that I mean information on the prospects of them getting alternative employment, on the financial planning side, on the business risk side if they are going to put their redundancy package into a fish and chips shop, or whatever. Given the small business failure rates, one real possibility of going into such a venture is that you will end up losing your redundancy package. From your experience with these very structured rounds, did people get the kind of information they needed at the departure point?

Mr Haggar—We were concerned about that particular issue in 1993. We did not want people jumping in and making decisions that in the longer term would be disastrous. There was a provision then for them to access some $200 worth of free financial counselling per person. We also made arrangements with a number of financial services that we, as an organisation, have connections with. The message from us continually was, ‘Be certain you know what you are doing.’ Obviously, understanding the fundamentals of superannuation was important because they were able to access that.

I think six years on people are in a much better situation because they have known it is possible. They have known that there might be other rounds coming up. They have looked very carefully at superannuation as an issue. They are better informed, and I would say that we would bear not an inconsiderable responsibility for that. The employer—the department—is a little better than it was, and information technology has assisted in that. They are better informed about what options are there.

I will give you the classic example. With the Commonwealth Superannuation Scheme, 10 years ago, no-one knew about preservation benefits, including the personnel people in our own department. We have had two decades of our local teaching service, to say nothing of the Public Service in general, where people, particularly women, made appalling financial decisions on superannuation. We wound up running about 25 successful cases for our members to the AAT where the Commonwealth would fold at the last moment. We drew the line at 25 cases after several advertisements and so on.

Information is much better now. Ten years ago you would not have seen the ordinary public servant or teacher go to a financial adviser. These days they go to a minimum of two. So retirement is not the concern for us that it would have been in the early 1980s.

CHAIR—Do you think to some extent that is because, by definition, your members have higher levels of education and are a bit more savvy than blue-collar workers? I am not trying to offend anybody, but I suppose they are to some extent less easily manipulated than others might be.

Mr Haggar—I would say that the teaching work force that we have now is appallingly ill-informed on a whole range of their working conditions. It just so happens that superannuation is one that we have focused on over the years. For example, most teachers would have no idea what was in the Public Sector Management Act, the act under which they work. It does not impinge on their day-to-day work. We find constantly that because they are so much up against it in their ordinary working environment that they do not have time for a detailed understanding of the act. They say to us, 'That's your job.'

CHAIR—I know that problem. I used to represent doctors, and they were pretty much like that too.

Mrs GASH—How much in-service training do teachers have now?

Mr Haggar—I was hoping for a bit of lead-in like this. I can talk about the last 10 years of self-government in the ACT and its impact on the teaching service. I believe we have a major problem with professional currency in our system. There are a number of reasons for that. Lack of morale is one. Because the baby boomers have for a long time locked up promotions, and because we have been in a situation since self-government of increased financial pressure, there has not been that incentive to pursue professional development, particularly further qualifications.

For example, a masters degree used to be seen as a prerequisite to winning a principal's position in our system. But people now just simply cannot afford it. Because of the HECS

regime they are not prepared to devote resources to it in a situation where they cannot see a particular career advantage.

As a part of our last enterprise agreement, we rejigged school timetables to give four days of professional development in stand-down for teachers and they have to do one day in their own time as part of the agreement. Many of them really opposed that very strongly. They are not allowed to count, for example, weekend work or out-of-hours work, where a great deal of professional development—but very school focused—is done.

We have no system in place, other than those four and five monitoring exercises, to actually ensure that staff do maintain their currency. In the information technology area, for example, teachers were having to pay to attend those courses run by the employer to bring them up to speed with information technology after the Carnell government provided a desktop computer to every teacher. The response was, 'What is the point if I can't use it?'

We had substantial amounts of funds under the Commonwealth—under the old NPDP scheme, the National Professional Development scheme. We look like we are picking up on substantial funds again now under the Teacher Quality Program. Our system virtually has no PD or curriculum section for support for schools now. We faced a 20 per cent cut in resources last year. We have easily the smallest central office pro rata in the country for the jobs that they have to do. But that money was taken by the department and a half a million dollars was their share. They said, 'Right; it is going to be for information technology, and that is it. That is the initiative we are going to run; that is what we need.' But there was nothing in the way of pedagogy. I believe that we really do need some intensive investment in improving the actual classroom practice of teachers.

Mrs GASH—What is the logic behind concentrating on the younger teachers as opposed to the experienced older ones, apart from money?

CHAIR—Just before you answer that, Clive, did you see the *Hansard* from Kate Carnell's visit here?

Mr Haggar—No.

CHAIR—It is interesting because we covered this issue in depth with her. Perhaps the secretariat could give you the *Hansard.*

Mr Haggar—Thank you. I have got older colleagues in mind, when I say this. I am 46. I am the average age in the teaching service and I was trained in the early 1970s. With younger teachers, you are catching them when they are single, so they do not have family commitments. They have the time, the energy and the skills to undertake some of those broader areas of the school curriculum that older teachers are not physically trained for or even emotionally prepared for. Though some of the most impressive professionals that come to mind in the ACT are people in their fifties still. In generalising, if you are going to be running weekend cross-country skiing, bush walking, cycling or if you are going to be looking after a sports team and providing quality training to them, and so on, younger teachers have often got those skills. They are coming to the work force often after being out of the work force for two or three years, sometimes doing part-time teaching and other

things. Because it has been so competitive up until the last two or three years, they have really had to do a lot of other things. In my case, I came straight into the service from university and the only work force experience I had had was to pick and shovel in university holidays.

It makes an enormous difference having younger people. In the ACT, I can make geographical comments about this. I can walk into a south Tuggeranong primary school and see teachers in their twenties. I can go to a secondary college and I am lucky to find a person in their thirties. As I say, the average age is over 50 and often we have people who have never taught anywhere else. Certainly, they have not taught anywhere else in the last decade.

It is a serious problem for us if they are telling you that they are undertaking world's best practice in their secondary college, but they have never taught anywhere else. The health of the system requires a reasonable degree of mobility and a good age mix and we do not have either at the moment in the ACT.

CHAIR—Clive, I apologise that some of our colleagues are not here, but for some reason we have had a couple of drop-outs today. I thank you very much; that was very good.

Mr Haggar—Thank you.

CHAIR—We will send you a copy of the *Hansard* for Kate Carnell's presentation.

Proceedings suspended from 11.35 a.m. to 11.45 a.m.

CONNOR, Mr Kevin (Private capacity)

CHAIR—Welcome, and thank you for providing us with a submission. Would you please give us an overview of your submission—the important issues and recommendations that you have made.

Mr Connor—My main overview in this regard is the discrimination against people over 55 who wish to work. I state that and emphasise 'who wish to work'. That is the main focal point. I will refer to my submission from time to time. In the past several months, there has been sufficient evidence that there is discrimination. In my own case, I have felt discrimination, tacit though it may be. It can never be proved. I can challenge it; I can ring people and ask, 'Why?' but it can never be proved. I wrote this submission some six months ago.

I started out this year with some optimism. That is my general nature; I used to be an optimist. However, as the time has progressed—and, as you can see, I am currently using a walking stick—it has turned out to be quite the opposite. In my own case, in part I blame a lot on inactivity, on the lack of ability to get work. I think my current health situation has not been the sole reason; I think the lack of work has contributed to that, which is not very helpful. In this regard—and I say this to both governments—the previous federal government and the current federal government have ignored the issue in relation to people approaching their 50s and mid-50s. I will leave it at that for the time being.

CHAIR—When you say 'leave it at that', is that in terms of your introductory remarks?

Mr Connor—Yes.

CHAIR—You were made redundant in 1989. Can you tell us what happened to you? Was it a voluntary situation?

Mr Connor—I jumped before I was pushed. I was in the Department of Defence. In colloquial terms, I went out 'backwards'. I took a package on the grounds of inefficiency, which was quite the contrary. I have resented that ever since, and I am quite happy to say that. I had extended sick leave at the time. I had an operation that went wrong, and now I am due to go into hospital again at the end of next month to have another operation on my leg.

As you know, in my submission I made some comments about what has happened in this Territory. The downsizing has been going on for a long time. Also, on this morning's radio was the question of outsourcing, to which I am not entirely favourably disposed, and I speak both as a territorian and as someone who has settled down here and has expected—not demanded—some reasonable progress to old age with work. But it has not happened. That is because the policies of various governments ignore the fact that people reaching 50 and 55 have some life left in them.

I think this impacts upon females. Currently, my wife is the main breadwinner. She is a year older than I am and will have to work a bit longer. Normally, she would retire at 60, but now that is being progressively extended to 65. There are those sorts of impacts.

Normally, I would be the main breadwinner on a reasonable salary, but it has not worked out.

CHAIR—You mentioned volunteering in your submission. Obviously, there are benefits from volunteering. Do you have any comments to make about the positive or negative aspects?

Mr Connor—I think volunteering has many positive sides but it does depend upon the demographics. Volunteering, for younger people, has many more positives in that it does give them work experience; it gives them an idea of what is required in the work force; it makes them realise about presenting themselves in a certain way. But for the older person, volunteering has a tendency to be exploitative in that regard. When I say that, I do not say it in an emotional context; it is in the sense that if an older person wants paid work, that work is not necessarily available, because people would prefer to see older people work in a voluntary capacity.

In my submission I gave the example of the War Memorial here in Canberra. I must admit that my wife, who works in child care, is on a low income. It is one of the most under-rated and underpaid areas of work for women. It was quite well known that I was seeking work. I was quite happy to put in a lot of unpaid work. However, I never even got a look-in. As you can see from the comment that I made, I am very familiar with many aspects of the War Memorial's work. I am of English background. I make that comment to stress that I am a Blitz baby, so I lived not only through the war, in air raid shelters, with my brother and sister pushing me down into the shelters whilst they were coming down, but also afterwards. That is yet to be discussed over there. The English have not yet caught up with the nostalgia, if you can call it that, of the postwar period between 1945 and 1955. No doubt towards next year, or sometime, they will twig to that. That is another story.

But it does relate to what we are talking about in this context: when a person such as myself has a background like that, they are completely ignored. I take offence sometimes at the fact that people are quite dismissive. I did write to the director, who I had known when I was over at Russell. I also wrote to the chairman of the council of the AWM, but it was to no avail. One could be forgiven for saying that there is discrimination. There is no explanation except that perhaps my face does not fit, my hair is too grey, my voice might be a little too loud or my presence might be a bit too imposing; I do not know. The point that we are getting at is that older people such as myself do have something to offer. I do not think they should be dismissed too lightly, or disregarded. I think this has happened. I have a briefcase full of job applications, but I will not present them.

CHAIR—Okay, I understand. How many jobs have you applied for?

Mr Connor—Hundreds.

CHAIR—Have you had any work at all in the last decade—paid work?

Mr Connor—Not really. I did a bit of part-time bar keeping and running around in the hospitality game, but then again, that is a younger person's game and 4 o'clock in the morning shifts start to knock you around. I have got some occasional remuneration for

articles that I have written or some consultancies. But overall, particularly in this Territory, there is not a great deal in the offing.

Mr BARRESI—Can you explain to me the concept of cloning that you talk about—that selection panels clone applicants? I know what cloning means, but how do they clone applicants? They might clone their work force.

Mr Connor—I think that comment came about at the same time that 'Dolly' was in the news. It refers to the fact that selection committees have a mental template of the person that they want for a particular position.

Mr BARRESI—It is all about having synergy in the work force, harmony and the values which are conducive to that organisation. Is there anything wrong with that?

Mr Connor—It is not so much wrong but there are times when the best person may not necessarily get the job. I think there is a danger because within the work force today there is subtle intimidation. When I was a public servant I was involved in selection committees, as the departmental rep, and on appeals committees. I have seen people who were actually intimidated. At one stage I had to stop the selection or the appeals process. When I refer to the term 'cloning', it is not a question of being negative, or of having synergy or energy as such. We do not necessarily get the right person for the right job through the selection procedure. Some people interview better; some people do not.

Mr BARRESI—What I would specifically like to ask you is: the committee has heard from the ACT government about some of the projects and programs that they have on offer and that they have been trialling for mature age unemployed. Have you made yourself available to be part of some of these programs? What success have you had with it? If not, are there particular drawbacks to being part of these programs, from your perspective as an unemployed person?

Mr Connor—I want to refer to a letter in the *Canberra Times* on that one. I am well known in this Territory, having stood for the Assembly on a couple of occasions. In fact, the current government might even owe its life to my preferences two elections ago. On that score, we can refer to things like REAMP. I have a box full of stuff. They are what you might call biscuits. You give them a biscuit for a couple of weeks or so. The whole situation in this regard does not lead to anything. Older age people want to be regarded with some degree of respect and regard for their skills. I must admit that I am not a great fan of Kate Carnell in that regard because I think there is a whole lot of showiness and superfluousness about the whole situation. But I would like to refer you to a comment made last month in a letter to the *Canberra Times*, on 11 October 1999. I do not know the individual who wrote the letter. It is headed, 'Job-ad figures a doubtful quantity'. It states:

Kate Carnell was quoted as saying 'the figures were a leading indicator of employment opportunities that were opening up in the ACT'.

For older age people, there is not a great deal of opportunity in this Territory; for young ones, maybe; for short-term situations, maybe. We are going to have the great big fun and circuses of the V8s, or whatever they are, that are going to come up. No doubt you people

will not be here to see it because that is the time when you leave Canberra—it is in the middle of winter time. I will not get the smell of it either because I live on the north side, thank God; I am far away from it. I have to bear at times with the drift of carbon monoxide when they have the Summer Nats—that is bad enough. But I do not see those sorts of things as being for the long term, and I am looking at the long term.

Mr BARRESI—I may not be able to remember them exactly—Maureen or the chairman might be able to help me—but I understand there were two specific programs that they mentioned which have got excellent results. One was some sort of subsidy to employers.

Mr Connor—Bounties.

Ms GILLARD—Wage subsidy.

Mr Connor—That is a bounty.

Mr BARRESI—The second was assistance in starting up a business.

Mr Connor—Yes.

Mr BARRESI—Have you looked into both of those?

Mr Connor—I have looked into both of those. The first one was a bounty, and when I use that word it is because it is in some ways like the stuff our kids watch or might have watched where there were bounty hunters: employers can get a certain amount of money if they employ a certain number of people, and I think that relates as well to the young people with Jobstart. But that does not lead, from my experience, to long-term employment.

Mr BARRESI—Have you tried to get yourself on that program? How do you know it will not lead to long-term employment?

Mr Connor—I rang up earlier on in the year. I rang up everything. Employers do not necessarily want people unless there is a job available. To get the bounty, which is what it boils down to, they have to have the job available. The federal government, particularly this government, does not give money away for nothing. It has got to have hard evidence to prove that there is a job available. And then how long is that going to last for? We do not know.

In relation to the incubators, which is what you are referring to, the incubator for small businesses is dynamite in this Territory. I would not be prepared to risk the only asset I have, which is the family home, on starting up something which is dubious. I know a number of people who got their packages in recent years and have gone completely broke. The tragedy of newsagents in this Territory is well documented. I know a particular individual that invested their package from Telstra, their redundancy, in a newsagency. Six months afterwards, the *Canberra Times* went completely deregulated, with subscribers and all the business that goes with that—leaving the paper lying around in Woolworths and things like that—and the result was that their whole business went to pot. We are talking about niche markets. There is not much—

Mr BARRESI—Can I just take up that point that the jobs this bounty is now applied to are only temporary jobs. We have also heard on a consistent basis from various organisations that the best chance of getting a job is if you are already in a job. If you are in one of these positions, even though it may only last six months or nine months or 12 months while the bounty is being applied, surely there is a better chance of you then moving into another position if the evidence we have been hearing is true. I have no reason to doubt that evidence at this stage.

Mr Connor—How do you get the job? That is why I am here today.

Mr BARRESI—You are critical of the ACT's bounty system because you are saying it is only a temporary job. My point to you is that, based on the evidence that we are hearing from others, if you were in this temporary job you would have a much better chance of getting a full-time job through another company because you are already in employment.

Mr Connor—I do not disagree with that statement. What I am critical of is that you have got to get from the first base to the second base. The first base is to get your feet in, and in many cases you cannot even get your feet in because the number of people is growing. That is what I am critical of. I am not critical of the situation whereby if you get a job it is on a temporary basis—any work is better than no work. What I am saying is that, in effect, you have to walk before you can run.

Mr BARRESI—I guess what I am saying to you is that I dispute your position, that I think even though the bounty may only lead to a temporary job that is a significant advance for someone who is a long-term unemployed. I will leave it at that. You have made your point.

Mr Connor—It is a point that perhaps we need to go through, and probably beg to differ.

CHAIR—Thank you very much for your incisive questioning, Mr Barresi.

Ms GILLARD—Moving from looking at what the ACT is doing to the federal government's employment services, you would be aware that there has been a substantial restructuring of employment services under the current government, with the move from the old CES to Centrelink, the creation of the Job Network and private sector involvement in the provision of employment services. What intersection have you had with those services and how have you found their quality?

Mr Connor—This year, in my optimistic mode, I applied and went around the traps.

Ms GILLARD—To the jobs brokers?

Mr Connor—Yes. I never heard from any of them until last Friday. I will not mention the name because it will be recorded, but I had a phone call. I did not take the call, my wife rushed and answered it and it was too late, they had hung up, so we did the redial and the call was from a certain agency where I had put my name down in about April. The conversation was, 'Do I still want to be kept on their books?' I said yes, and, at the same

time, I asked, 'Why has it taken you nine months to contact me?' I have written letters to the paper—I am quite well known in this Territory in that regard. It may be that the skills that I have are not relevant to today, which is quite likely at times, and I accept that. But I do have a young family and when I apply for jobs my daughter has given me a template—to use that word again—for that, so I am quite familiar with that.

The job brokers can only work with what is available to them, if the jobs are coming in, and I do not believe there are the jobs coming in. We have got a pressure of young people—unemployment is still fairly high for young people. We have got people in jobs retaining their jobs. If anyone rings me up—and I do still get phone calls; I am still in touch and have kept up to speed with a lot of them—I say, 'Keep your job, particularly if you are my age. Sit in it, because it is better that way.' Then you have got the people who have taken packages, either in my circumstances or in other ways, and decided to run the risk—and it is running a risk. Therefore, you have got a pressure, and there is only so much that you can do. A lot of people have got homes here. At one stage I wanted to leave the Territory, but my wife does not want to go, not yet anyway. We should not be forced, and a number of people who have gone have hit disaster. So there are those sorts of things.

I am not exactly ill-disposed towards the job brokers, but for them to work effectively they have got to have the jobs. If those jobs do not come in, then all the spin and the figure doctoring that goes on, and it does go on, is not going to change anything. The fact is that the employment figures are still going to be relatively high. People are still going to be quite despondent, and people are not going to be satisfied.

CHAIR—Thank you very much, Mr Connor. We appreciate your taking the time and effort to come and speak to us. It is so important that we have a human face to all this, not just the institutional submissions.

Mr Connor—It is a pleasure. Thank you.

[12.11 p.m.]

DOYE, Ms Susan Janet (Private capacity)

CHAIR—Good morning, Ms Doye. Do you have any comments to make on the capacity in which appear?

Ms Doye—In my activities I am the Executive Secretary of REAMP, Re-employ Active Mature People, which is a lobby group, but effectively I am here as a private individual.

CHAIR—If you would run through the things that you particularly would like to emphasise to us, then we will discuss it and see where we go.

Ms Doye—I am assuming you have read my submission.

CHAIR—Yes.

Ms Doye—I was told not to assume that but I am doing so anyway. I am basically re-looking at the areas that I have put in block letters in the submission. First of all, I was a public servant for 36 days short of 25 years. I took the money and ran in 1993, because I had a dream to become a counsellor. In the interim I have been retraining and attempting to set up a private practice, which is not yet viable. I will be covering these points here, with one or two new ones I have thought of.

The first point that I raised was the question of further training for mature people, particularly tertiary education and the shortfall in financial assistance. I went back to university and did most of a masters degree; I withdrew for personal reasons and have just, two weeks ago, completed a graduate diploma. For the masters degree I got the scholarship that ANU gives out, which basically means I did not have to pay any fees. However, I had to spend the capital of my payout. For instance, it cost me more than $3,000 to carry out the fieldwork for my thesis, books are expensive and there is a need to live as well. And for people with a family it is even worse. We are not eligible for Austudy or anything like that—studying full time you cannot get the dole and doing graduate studies you cannot get Austudy—so basically we have to self-finance. If you want maturer people to retrain at that level, some sort of assistance would be nice to receive.

I then went and did the NEIS course because I wanted to set up my own business. The point that I made on NEIS is to get on it you have to have been on income support for 12 months, so by definition your proposed business is undercapitalised. When I had my final interview with the banking mentor there, he said that he believed we should get income support for 12 months on NEIS and we should also get a start-up grant. I throw it out there for you to look at. Although they say 80 per cent of businesses started on NEIS survive, as against some enormous number that do not, it would still be nice actually to be able to afford to market the business and things like that. It is very hard to do so on an income of $326 a fortnight.

Then we get to the whole business of looking for jobs when you are over 45. You would all have seen and read the Drake report that employers basically do not want to know you

when you are over 50. That is the experience that I had to a great extent. I have done so many job applications I have lost count; I have had two interviews, coming second on both of them.

You get told you are 'overqualified', which I have worked out is newspeak for 'too old', or you 'do not present professionally', which I have worked out means you have to be under 35 and look good in a miniskirt and a slim-fitted jacket on your suit. At the same time I have also been told that I am too intelligent, that I am applying for service work and I should be doing policy work with my intelligence and background. It is like 'Hey, I thought of that. If I am that intelligent I have thought about what I actually want to do with my life.' So it is like being parented, and it is insulting.

Then we get the frequent claim that we are set in our ways and not prepared to learn new skills. Well, since I turned 50 I have been to uni twice, I have done a 28-day practitioner's residential workshop for a form of alternative therapy, I have done the NEIS course and I have done first aid training. I am a prolific reader, and I have a list of 50 things I want to do before I die which starts with learning the harp. That does not strike me as somebody who is not prepared to learn new things. I do want to make the point that mental inflexibility is not age related; it is a personal characteristic. To be honest, I get hot under the collar with people in their 30s who have not grown out of that teenage attitude that 'the oldies don't know nothin'. So that is that one.

There is the question about encouraging and providing incentives for older people to find work. Speaking for myself and my friends in the same position, I would love to have a job. I think the encouragement and the incentive needs to be to the employers to look beyond the stereotypes, some of which I have just discussed.

I heard you asking the gentleman about the Job Network. I have lots of notes on the Job Network. When I went on the Job Network, I put my CV in to every one of the agencies and I had the same experience as that gentleman. One agency notified me that there was a job available; that was one of the ones I came second for. One agency provided me with access to a fax machine to send job applications and gave me a little bit in computer refresher courses and so forth. From the other agencies there was no response whatsoever—until I got the letter nine months later saying, 'Do you still want to be on our books?' there was nothing. I also went to a number of private employment agencies, with the same thing. All my job seeking has been through networking, been through the *Canberra Times*, looking on the machine and so forth. I personally think that the whole Job Network is an utter disaster.

Then, looking at the social issues: my final thing is the whole question of money—money, money, money. I honestly do not see how anybody can live on the dole as it is. I have been trying to do it for five years, and the way I have done it so far is that I have an embargo on my ACT rates—I have not paid them for five years—and I have a deal with ACTEW by which I pay $25 a fortnight for electricity and water and I let the rest build up. And I have difficulty paying that.

I get $326 a fortnight as a single person. I pay approximately $70 a week covering only the interest on my mortgage. If I were renting, I would be paying much the same even with

subsidised rent. So that is $140, which leaves approximately $90 a week for everything else. Forget it. I look good on the outside. I have a wardrobe full of fabric that I bought when I was working; I make my own clothes. I have rags underneath as underwear. I cannot pay $3.20 for a new pair of knickers—no way; I cannot do it. I do not even think about buying a cup of coffee at the shops or anything like that. Forget it. I must admit I get very angry when I hear—I am sorry to be rude—very highly paid politicians talking about our abusing the system.

I would love to work. I do not know very many people who want to live so far below the poverty line. That brings us, of course, to the whole question of the cash economy. Of course, we go to the cash economy. We do not have any choice if we want to survive. I do hope this is not being publicly broadcast.

CHAIR—We should clarify that, Susan. When you say 'we', do you mean unemployed people generally have incentives, if you like, to involve themselves in the cash economy?

Ms Doye—Absolutely.

CHAIR—You are not for one minute suggesting that you personally would involve yourself in the cash economy?

Ms Doye—Not at all.

CHAIR—Okay. Thanks.

Ms Doye—I did some sums which are in that hand-out. I do not know whether you want me to run through those again in my very brief time, whether you want to leave that for question time or not at all.

CHAIR—That is up to you. If you would like to emphasise that, yes, please go ahead.

Ms Doye—As I said, as a single person I am getting approximately $327 a fortnight. I am allowed to earn another $60 a fortnight without losing any of that, which is a total of $387—roughly. If I earn more than that and declare it, Centrelink starts deducting 50 cents in the dollar. Nobody in Australia that I am aware of pays 50 per cent tax, and yet we, way below the poverty line, are being levied 50 per cent in every dollar over $387 a fortnight. If we are in a legal job, they are also taking at least 20 per cent tax, superannuation and all that off. Seventy per cent of our money over $387 is going back to the government.

CHAIR—So you are losing your unemployment benefit at one end and then you are being taxed on the income you are earning at the other. So, naturally, a lot of unemployed people might reasonably say, 'Why should I bother?'

Ms Doye—Precisely. When you get over $447 you are losing 70 cents in the dollar over that of your unemployment and still getting your 20 cents in the dollar tax, at least. Who is going to work for 10 cents in the dollar if they can go to the cash economy and keep it, when they are below the poverty line already? It is not a question of tightening up; it is a question of becoming more generous—I am sorry, but it is—if you want people to declare

their income because we cannot live on it. And I am a single person. Just imagine if I had dependants. Admittedly, I would have the extra benefits with dependent children and so forth but, still, it is tough.

The final thing I want to say is: please do not blame the victim. As a long-term unemployed person—and I have been one for five years now—I ask you to look closely and with empathy at the plight of people who really want to support themselves but who really and truly see themselves as being sabotaged by the social, cultural and political structures which are currently in place—and that one is the main one. We cannot afford not to deal with the cash economy.

CHAIR—Thank you very much, Susan. By the way, when you were working—and all of us here at the moment are privileged to have jobs—did you give much thought to people in your position now, the unemployed?

Ms Doye—No.

CHAIR—Of course, a lot of people who are working, do not, unless they have direct contact with unemployment, understand that there is a whole army of unemployed people out there.

Ms Doye—In a sense, yes. Many years ago, my elder brother had great difficulty finding work, but that was not too bad. I think the nearest I came to it—and that was why it took me so long to take the money and run—was that I was in the Public Service for the security as much as anything else. I was stressed out of my tiny mind but afraid to take the leap of not having tenure and possibly ending up unemployed. Of course, when it happened, I found that I survived. I have not only survived; I have actually achieved a lot of personal growth and development through it. But other people—maybe not so lucky people—become suicidal and all the rest of that stuff. I have managed to avoid that.

CHAIR—Are you aware of the ACT government's New Future in Business Program?

Ms Doye—I am.

CHAIR—What do you think of that? Is that something that is accessible for people like you?

Ms Doye—Yes. I have done the NEIS program, which is basically the same thing but federal government. So, to the best of my knowledge, I cannot double dip, but I may be wrong on that. Certainly, I think any sort of mentoring scheme for people trying to start a small business is really good. It served me really well to have that six-week, full-time course.

CHAIR—Should NEIS, in your opinion, be made available to people who perhaps are not on benefits. In fact, I raised this with Minister Abbott recently, and he said that people not on benefits can actually buy their way into NEIS if they want to.

Ms Doye—That must be new. It is hard to answer that because, when I applied for NEIS, there were a lot more applicants than there were positions. So I guess my off-the-top-of-my-head response would be that, while ever that is the case, it should be reserved for people who have no finances at all. But I think there should be more money put into it, so that more of those people can get it. There was a period when the ACT government put fewer people through and gave them a start-up grant. I guess I would like to see that returned, except not put fewer people through—put more money into it.

CHAIR—This idea of a start-up grant is something others have put to us too. Could the start-up grant be something like a HECS thing, where you get a start-up grant of basically an interest free loan? You might get a start-up grant of $5,000, for example, and then, as your business is established and it reaches that level, you start paying it back. Would that be helpful?

Ms Doye—I think that could be fair enough to key it into a certain minimum income. I would not have any problem with that—if somebody said to me, 'Right, here is $5,000 to put towards marketing and/or equipment and, when you get to $20,000 a year, start taking it out.'

Ms GILLARD—With regard to the point where you made the decision to take a redundancy from the Public Service, one of the things that we have discussed at this committee and people have discussed with us is whether or not they had enough information at that stage about what would happen next, what the prospects were, what the possibilities of unemployment were, of financial planning advice and all of those sorts of things.

Ms Doye—None. For me it was, 'If I stay here, I am going to be dead by the end of the year; I've got to get out.' So it was very much that the decision was taken at that level, with the assumption, of course, 'I've got this wonderful six-figure package, and I am going to go back to uni and retrain and start my business—no worries.' It did not quite work that way, but I think, even if I had known that 2½ years down the track I would be penniless and on Jobsearch, I still would have taken it, because I really did believe that I was going to die if I stayed there.

Ms GILLARD—You mentioned during your introduction that, whilst you are appearing in a private capacity, you are secretary of REAMP. Can you explain to us what REAMP is doing?

Ms Doye—We are a very small lobby group. We started four of five years ago. Our membership is about 40 people over 40 who are unemployed and seeking work. We do a fair bit of lobbying. We write submissions. This was intended to be a personal addendum to a REAMP submission that never got written. We hold monthly meetings where we have guest speakers come along to talk about policy. We have had both Kate and Bob McMullan come. A couple of months ago we had a woman from CARE financial counselling come to talk about budgeting.

CHAIR—Was it Kate Lundy or Kate Carnell?

Ms Doye—Kate Carnell. Eighty people came to hear her—normally we get about 15 and 20 people to a meeting. Next month we have the director of Lifeline coming to talk about surviving Christmas with no money. We have guidance talks of that nature. We write submissions, we lobby, and we are trying to get together a proposal to get a grant funding.

Our president is obsessed with healthy cities and the physical and emotional stress of being unemployed. He is trying to put together a project under the Healthy Cities to get a grant for that. We network with similar organisations around Australia as well.

Mr BARRESI—Susan, it is very pleasing to see that you are looking at the positive side. That statement you have there on social issues is magnificent.

Ms Doye—Thank you. It took a lot of work and a lot of tears but I got there.

Mr BARRESI—There are some of the positive aspects. Well done!

CHAIR—Thank you for coming here today and exposing what has been a really painful part of your life to us to put it on the public record. Sometimes you wonder whether it makes any difference, but since I have been a member of parliament I have found that the things that have the most impact on you happen at random moments. I will always remember you coming to speak to us and thank you.

Ms Doye—Thank you.

CHAIR—I am hesitant to say have a nice day because I cannot begin to imagine what it is like. But thanks for what you are doing.

Ms Doye—I am actually doing some retraining at the moment which I did not mention because I only started it this morning. We were told it was a one-day orientation course with the health care people and it turned out to be the whole week. We are doing lifting at the moment today and I had to skip out in the middle of it. Thank you.

Proceedings suspended from 12.33 p.m. to 12.47 p.m.

PATERSON, Mr Mark Ian, Chief Executive, Australian Chamber of Commerce and Industry

CHAIR—Thanks for coming along and speaking to us. Perhaps you could make some introductory remarks about where the ACCI sees this whole issue of mature age workers.

Mr Paterson—We did not put in a formal submission to the committee, but undertook to appear today. There are some introductory remarks that I would like to make and I would like to refer to a couple of developments that are occurring within general discussion papers of government at the present time that relate to this issue and bring before you some material that was recently presented to the ANTA—the Australian National Training Authority—Ministerial Council. Some marketing research has been undertaken looking at lifelong learning, some of the factors that influence lifelong learning and some of the particular implications that flow from that for the age cohort that the committee is looking at. It is not something that ACCI has undertaken any detailed academic research in. The comments that I make and the responses to questions are from our experience of dealing with employers in the labour market and looking at the Job Network and training initiatives, both for mature workers and market entrants.

It is clear to us that, in looking at this group, we are not talking about an homogenous group of people. There are a whole series of interplaying factors which affect the group. We are conscious that there is probably a significant degree of hidden unemployment that is not reflected in official numbers by people having elected to retire early. These people find that those circumstances are no longer to their liking but they are not able to return to work or not able to gain the style of employment that they might otherwise want. It is clear that, once unemployed, this age cohort finds it more difficult to get back into employment. They do not necessarily find themselves out of the labour market because of their age, but when they find themselves out of the labour market, they find it more difficult to return to the labour market. It is clear to us that there is a high incidence of part-time employment in this cohort, but it is not clear whether that is voluntary part-time employment or people making conscious decisions to change the nature of their lifestyle.

We are confident that some of the groups within the cohort are actively taking decisions about moving to part-time employment to change the way they have worked—to remain active in employment but to be able to pursue other lifestyle issues. It is also reasonably clear that some of those people are working part time and would probably prefer further hours.

There has been some interesting research undertaken and published by the Reserve Bank looking at long-term unemployed people and the factors that influence their employment decisions. It was interesting that, across every age cohort within the long-term unemployed, everybody within the group expected a pay increase on return to work. Whether they lost their job voluntarily or involuntarily, in order to accept a job, they expected to be paid more than they were receiving prior to leaving the work force. With respect to the group of people that we are talking about, if people are making conscious decisions to remain on welfare rather than return to work because the job does not pay them more than they were receiving when they left the work force, even if they left the work force involuntarily, there are some ramifications regarding how you deal with the policy issues. It is very much a mind-set issue

for people. There are lifestyle issues and status issues that are all part and parcel of that activity. Some people choose to remain outside the work force rather than return to the work force in a lower status role than they might otherwise have had.

There are also some potentially conflicting messages—not necessarily conflicting stories—in looking at the work force at 45 and above. There are stark differences between male participation and female participation, as you no doubt are aware. We are also seeing high levels of fluctuation over relatively short periods of time. So the percentage participation rates between males and females in various break-outs above 45 vary quite markedly over even a two-year period. So we are not seeing fixed trend positions.

It is interesting that, in Senator Newman's discussion paper on welfare dependency that she released recently, it is reported that more people aged 45 to 64 are in paid work than ever before. So we are looking at an issue for people in the 45 to 64 age group when we have the highest levels of participation in the work force for that cohort that we have ever had. Admittedly, I acknowledge that there are differences between male participation and female participation. Female participation within that cohort is increasing, and increasing quite substantially. Male participation has been declining. We see that decline having slowed, and hopefully we will see, with further economic growth, opportunities change.

It is clear to us that many who are no longer employed within that cohort are often coming from groups that have not kept their skills base apace with the changing demands in relation to the labour market. It is often those who have been in industries that have relied on their entry level qualification; they have worked through a traditional trade or they have worked in an area that has not required formal qualifications. When those industry sectors are no longer viable in this economy, many of the people who had a skill set that suited those business needs but do not have a skill set to offer themselves to other businesses are finding themselves out of engagement.

Senator Bishop, in her recently released issues paper for mature workers, argued that jobs should be won on the basis of individual ability and capacity, not age. That is a sentiment that we support, but it needs to be taken in the context of an observation that was made within the report. I refer to page 17, which states:

The baby boomers 'were the first age cohort in human history who after thirty or forty years full-time work, are not physically worn out by hard manual labour but still, in the great majority, perfectly capable to function, and to work, both physically and mentally.'

That is a quote from Peter Drucker. It is not a quote from the government or the minister; it is a statement from an observer of the labour market. Whilst, in general, it may well apply that people are perfectly capable physically of being able to undertake activity within the work force, for many of the cohort, their skill set does not match the reality of the modern work force.

I referred to some research that was undertaken on behalf of the Australian National Training Authority. It was presented to the ministerial council last Friday week in Adelaide. It has not yet been published. It is the interim findings on a very broad national marketing strategy looking at skills and lifelong learning. It has undertaken studies through focus groups, a lot of research, a lot of quantitative as well as qualitative research. It breaks up the

segments of people—looking at their learning and their commitment to learning—into four general segments. It has particular relevance for what is before this committee.

They tried to do it in a way which looks at conviction, both positive and negative—are people prepared to do it—and what is the nature of their commitment. If you had four segments looking from conviction positive to conviction negative and then a commitment active, in the top right quarter you would have a committed person, a committed person to training and they have got a conviction to it. So in the research it identified that group as being people with a love of learning and you are not going to get in their way. They are committed to learning. They are going to do whatever they can to pursue learning. Some committed but less convicted to it are those who are described as those who 'learn to earn'—that is, people who undertake a training activity or a learning endeavour to get a job. They tend to be in the younger age group.

There are those who are positively convicted towards it but are not committed to it. They were described as the 'unrequited love'. They loved learning but they are not active and they face substantial barriers to doing it. Many people, because of family or economic circumstances, may well want to do it but do not have the opportunity. But the most telling group is 'learning: not on your life'. That is people who are not passionate about learning, not active, they are not learning and they are not going to learn.

Focusing on that group—because when you break down that group of people you are talking about men over 45 and women over 65—men over 45 have 'been there, done that' and have no intention of pursuing further learning activity. That is a generalisation but it comes through from quite substantial research that males 45 and above particularly are done with it. They are not there. Men over 45 and women over 65 may well also be supported by the change in participation rates of women who are more active learners and are more willing to learn new skills. Therefore, once they find themselves either challenged by labour market demands or their skills no longer being relevant, they are more likely to retrain than males. The other group is 'forget it'. That is a group of people who have never been interested in learning and are not likely to be—men aged 25 to 64.

So there are some significant factors that stand behind the labour market experience on the attitudes to learning and the attitudes to training which we think significantly influence participation and there are very significant challenges to be able to change the mind-set of many of those people. Those are the introductory remarks I wanted to make, Mr Chairman. I will be happy to elaborate on any of those or respond to any questions or comments that the committee may have.

CHAIR—Thank you very much, Mark. From the chamber's point of view, I do not think it should underestimate the extent to which this particular inquiry is concerned about employer attitudes and the impact that they are having on this section of the work force.

Firstly, as we have gone along, various people have said to us, 'Look, older workers or having a mix of age profiles in your work force is of a positive benefit.' There has been some research, although not much in Australia, which supports that intuitively—in terms of older workers having less absenteeism, they actually have a longer period with a particular employer, whereas many employers believe, perhaps mistakenly, that a younger person will

be in their employment for a longer period of time, and they bring a sense of wisdom to the work force that might otherwise not be there. The recent research, particularly by Drake and, to a lesser extent, Davidson and Associates, suggests that employers in fact very much do have a prejudice against older employees. Is the chamber aware of this? Does it recognise that it is a problem? If so, are you actually doing anything about it or do you intend to?

Mr Paterson—I am aware of the Drake research. I think that we need to go behind some of that research to better understand whether people are making conscious decisions in employment or in displacement decisions. Obviously, there is age discrimination legislation around, so there are some legislative impediments to people consciously taking decisions to displace workers from their engagement merely because of their age.

Whilst you may be able to come up with anecdotal examples of it, I do not see evidence of employers actively displacing people merely because of their age. It is not a commercial, economic decision to merely displace someone to replace them with a younger person. There is no economic advantages, it causes disruption in the workplace, and there is no commercial benefit in undertaking that activity. Both because of the commercial side and because of the legislative protections that exist there, I do not see substantive evidence of that.

If you are asking questions about whether people have a preference for younger people in terms of engagement, I am sure that they will respond by saying they prefer people of a younger age cohort because of their understanding of technology, their willingness to learn, and their willingness to embrace change. All of those are perceptions that people in the business community have, and they are perceptions that are borne out by the research when you look at learning. We all see technology dramatically changing the way we undertake our businesses. If you have a cohort of employees that is more likely to embrace change and more actively able and more actively willing to embrace change, then you can understand those positive attitudes.

CHAIR—Are you then confirming what we have been told, that employers do see younger people as being more flexible and more willing to learn, perhaps someone in their 20s or 30s, more so than someone in their late 40s and 50s?

Mr Paterson—I am saying that the qualitative research that has been undertaken in relation to lifelong learning and their commitment to learning would support that contention. I am not saying that employers—and employers are not aware of this research—are consciously making that decision. I can understand that there would be some who would hold those views. It is very difficult to generalise because, as I said earlier, the cohort that we are dealing with is not a homogenous group. So there will be judgments made about older people in different contexts which will reach different conclusions.

CHAIR—One of the problems that we have identified is the way in which employers dismiss or make people redundant. In many cases the employer, him or herself, is in trouble and that is why they are having to shed people from the work force. Some employers handle this process extremely well—and the gold standard in many ways has been BHP's management of the steelworks closure in Newcastle—but many employers do not. One of the things that has been suggested to us is some sort of negotiated code of conduct or some code of best practice, if you like, developed between perhaps your organisation, the BCA, the

ACTU and various small business organisations, to actually give employers some guidelines that they might follow in dismissing or making a person redundant.

Often, but not always, employees who are losing their jobs receive a limited amount of assistance, of counselling, and there is no involvement of families or support agencies and those that can actually help them through what is a major life event. Further to that, there has also been the suggestion that it would be better for us as a government perhaps to consider subsidising people for a couple of months of extra work because it is easier for them to find a job when they have already got one than when they are actually unemployed and out there. Have you got any comments on those things?

Mr Paterson—There are a number of elements to the issues that you have raised. Subsidising employment for transitions is often not a practical option. Many of these businesses do not have the work to be undertaken, so subsidising employment does not necessarily keep people engaged in employment. To subsidise employment, keeping more people than is necessary in a business, diverts the business from the focus that it needs to have in terms of managing its other resources as best it can.

I think that there would be major reluctance in those circumstances to merely having subsidised employment. When do you bid for subsidised employment? If you bid in a tight commercial marketplace and you suddenly get subsidised employment, your labour costs are less than your competitor.

CHAIR—Nonetheless—

Mr Paterson—In that case you will win the contract against your competitor. Subsidised employment in a private sector competitive marketplace is always dangerous because it changes the commercial dynamic quite substantially. You will not find us to be strong supporters of subsidised employment because of what that then does to marketplaces. You have seen examples over time where we have had approaches to employment that have been about subsidised employment and you open up an opportunity for somebody else to pay for your labour costs.

CHAIR—Sure. We are not strongly attracted to the whole idea of wage subsidies; nonetheless, if you get the bullet today from your job, you will find it a damn sight harder to get a job next week because you do not have a job than if you remain in your position, however it is done, for another couple of months. That is the point that has been put to us.

Mr Paterson—That is often the case, but it is a question of why are you losing your job and what is the skill set that you have to offer an alternative employer. Remaining in employment with non-marketable skills does not mean to say that you are going to find employment with another employer if you do not have marketable skills. Merely subsidising the employment, I would argue, is the wrong focus.

If we have to look at retraining of the existing work force and re-skilling of the work force, then that would be a better area for government to consider for its resource expenditure. But it also needs to understand the demands of the cohort that you are dealing

with. If it is about re-skilling and you have a group of people who are not committed to undertaking that activity, then it is not going to achieve the outcome.

Mr BARRESI—Mark, Brendan mentioned the BHP example as perhaps one of the benchmarks to be used in assisting people who are going to leave employment. Putting aside the subsidised employment aspect of it, the fact that the person is in a job and they are being assisted in finding another job before they make that final separation is a big assistance.

Employers know when they are in trouble. It is not as if a manager wakes up on Monday and says, 'I'm in trouble today. I will have to retrench 100 people by Friday.' There are commercial signals out there in the business world that let them know that if we are going to proceed down this track then in six months time we are going to have to close down this particular line or this particular product.

If that is the case, then if you have a code of practice which helps the employer to work through a process with willing employees who want to go—because often 100 retrenchment packages are offered and employees are asked whether they want one, or perhaps they are tapped on the shoulder and told to accept one—there has got to be merit in that. I would like your comment on that.

I would like you to comment also on another suggestion that has been put to this committee a number of times. It concerns the point of having some sort of levy placed on the employer for making that retrenchment decision so they are paying for the retraining of that individual.

CHAIR—That proposal is not one that we have enthusiastically embraced, I hasten to add.

Mr BARRESI—Mark, I understand that from a purely academic perspective you are right, but it does concern me when you say that anecdotally you may have evidence that people are being discriminated against, but that it is not supported. Witness after witness who comes in here tells us that they have been discriminated against. We are taking the opportunity, through this committee, of talking to individuals who have gone through the process, not just simply employer or employee groups.

Mr Paterson—I have no doubt that you will receive evidence before this committee that supports people who feel that that is what has occurred. The mere fact that they feel that way is not evidence that it has occurred.

CHAIR—But Mark, look at the Drake stuff. That says 81 per cent of the 500 employers surveyed said that they would recruit people 31 to 41 years of age, and 62 per cent said that they would target the over-45s for redundancy. That is consistent with a lot of the anecdotal stuff that we have heard.

Mr Paterson—Yes, but that evidence is not evidence of discrimination. That is not evidence of people having been singled out, merely because of their age, for less than equitable treatment by comparison with people with a similar skill set.

CHAIR—I accept that.

Mr Paterson—That is why I caution that you will get those claims. Those stories will be put before this committee. They will be used elsewhere to justify a whole range of activity. That does not mean that there is discrimination going on in the labour market. There is a range of issues. The steelworks closure is an isolated one-off example.

CHAIR—Yes, that is right.

Mr Paterson—I do not believe you will ever see that occur in Australia, certainly not in my lifetime, in terms of being an event. That company recognises that it cost it a very large amount of money. I just do not believe you could say that is the benchmark you are going to measure future performances against because it is an exceptional one out of the box example.

On negotiating a code of conduct and the signals, there are signals that businesses are going bad. I do not know anybody who runs a business, particularly a small to medium size business, who has not at some stage wondered where the resources for next week's payroll were going to come from. That is a regular event in small and medium size business. If the signal that you did not know where next week's payroll was going to come from was the benchmark, then you would be saying that there ought to be a code of conduct people ought to precipitately move on their work force rather than try and trade through commercial difficulties.

There are a series of commercial challenges that people will face. In some larger businesses there may be signals where they are shutting down a particular line and they see a trend happening. SMEs, where a lot of this is occurring, are not going to have those signals. They will run flat out to try and keep the business going because that is what they want to do. Invariably, they will keep their employees on for as long as they possibly can. I think a negotiated code of conduct that was in any way, shape or form expected to be applied by SMEs would have counterproductive and not positive implications for work forces.

CHAIR—I have run large and small businesses employing people. When you reach that point where you have no choice, you have three employees, and they have to go. At least you say now that here is a series of things you basically need to go through to help these people out the door. We are not suggesting something that is in any way a cost burden to them, but a check list. You write down: I have to contact Centrelink; I have to give them a list of the job providers in the area; I have to make some effort to contact their families and the family doctor for example. There is a DOME network next door. It is that kind of thing.

Mr Paterson—I think it is easy to identify a range of those issues but, from my experience, the circumstances in which an employer would have the capacity to apply some of those things would be markedly different in different circumstances. If I were to contact the general practitioner of an employee of mine to tell them that the person was likely to be made redundant, I would expose myself to a whole series of potential risks associated with declaring information to people who have no first-hand need to require it. There are a lot of status issues associated with people losing their employment.

CHAIR—Of course.

Mr Paterson—You would have a code of conduct that the individual employer be required to negotiate the terms of that code of conduct with each individual employee. I think that superficially it could be attractive. I see some substantial potential risks for employers. When you talk about employers, you are not talking about a homogeneous group either. We are talking about people of markedly different capacity to deal with people in difficult circumstances. So having a code of conduct which was designed to apply to all businesses or to businesses within the sector—

CHAIR—Of course, it would not be. You guys are just about to go through the biggest change in the tax system this century. It is going to be bloody hard, and you know that.

Mr Paterson—Absolutely.

CHAIR—This has to be a damn site easier than that. We are not trying to apply something to your corner fish and chip shop that is going to go right through to BHP. At the very least, surely there is merit—and I am sorry I am getting a bit angry about it—

Mr BARRESI—Passionate is the word, not 'angry'.

CHAIR—We have spent the best part of nine months dealing with the human face of this. I and some of my colleagues have spent a lot of our lives working with the people who are the human face of this whole issue. I know exactly what employers needs basically are. The last thing any of us, particularly on our side of politics, would want to do is further encumber employees with things that are going to make it more difficult to create wealth. There surely is a place for at least sitting down and saying, 'How can we improve this?' It might help employers. A lot of employers themselves do not know how to sack somebody.

Mr Paterson—And a lot of my constituents spend an inordinate amount of their time assisting people through that process.

CHAIR—Yes, I know.

Mr Paterson—Employer organisations around the country assist their employer members to counsel, terminate and resolve issues associated with redundancies and the like. There is an enormous amount of effort going into this, so it is not a lack of sympathy, nor a lack of understanding. We need to also recognise that there are very large numbers of businesses outside those networks and they have enormously different capacities to be able to deal with this. I would argue that a code of conduct that we might develop would be unlikely to dramatically change behaviour in the marketplace across the board.

CHAIR—People said that to me about smoking 10 years ago and we got there. I am going to go and cane somebody about an AIDS issue on tabloid television this afternoon. We get there; we have to start somewhere.

Mr Paterson—I accept that, but we have spent a very long period of time, including researching the issue of the impact of the unfair dismissal laws, on preventing people getting

employment. Has that changed the current position? No, it has not. We will continue to press that.

There is a whole complex set of dynamics operating here. I have a significant degree of sympathy for those who find themselves unemployed, looking for work and unable to gain that employment. But I would strongly assert to this committee that a check list that an employer might have gone through prior to the termination of that person would not dramatically change the future employment prospects of that individual and would have limited impact from my experience. That is not a lack of sympathy. It is understanding the challenges that the cohort, who find themselves unemployed, are facing.

Mr BARRESI—Yet we hear, not only from those who have been unemployed but also from other representatives that have come here, that when the outplacement facility is provided it dramatically helps that individual in getting a job. I do not know whether they get a job because of it, but I am sure it gives them the confidence and part of the skills in searching for the job. We know that outplacement has been used in the last 20 years or so for senior and executive management. We are now starting to see it in dribs and drabs being used at the lower end of the job scale, but it is still not widespread enough. I guess we are saying that there are people out there saying that a code of conduct, which includes that provision of outplacement service—perhaps not at the same level as applied for senior executives—does go a long way down the track.

We are warned by the automotive industry that in the next two or three months they are going to be faced with this very issue. The lack of a transition rate of GST may mean that they have to close down their lines and put off a couple of thousand people. Ford has been threatening this for a while. What is going to happen to those individuals? They know in advance that they may have to get rid of these people; they are not going to put them back on. I would like to think that there is some sort of thought taking place not only at Ford but also at some of the dealers or some of the other smaller down-the-line organisations in assisting these employees.

Mr Paterson—It is interesting that outplacement and redundancy claims and claims for termination and redundancy payment focus on money and not on outplacement. The claims that have been made by the organised trade union movement have always focused on dollars. I may be proved wrong in my recollection of the history of the claims, but certainly the outcomes of those claims has been a focus on dollars, not in relation to outplacement. The committee might want to consider that there ought to be an alternative approach to termination and redundancy that took away the obligation in terms of redundancy payments and tried to find a better way of expending that money than just giving people money.

Mr BARRESI—That is what I was going to ask you.

Mr Paterson—Certainly, the claims have not been for outplacement. If the outplacement is intended to be in addition to redundancy payments, you bring forward the redundancy and you increase the cost of displacing people. You will bring forward that decision or find the business trading until it cannot trade any more and it goes bust.

CHAIR—It is just business costs.

Mr Paterson—In terms of assistance and counselling, who do people turn to in these circumstances? If they are dealing with SMEs in country or regional Australia, who do they turn to? If there were to be a code of conduct which said that you have got to look at what assistance might be available, they do not know where to go, the employers will not necessarily know who to steer them towards. The Job Network, Centrelink, and organisations like that, are established to be able to provide guidance and assistance. I am concerned that guidance and assistance are given to the employer and they provide inadequate guidance and assistance to employees. Will the employees have an expectation that they will get the whole story from the employer at the time that they are made redundant? It is a neat solution to a really challenging problem and I would always argue that you are unlikely to find neat solutions to really challenging problems because, if there was a neat solution, it would fall out and happen as a matter of course. It is not to diminish the significance of this issue, but you are not going to find an easy solution.

CHAIR—Do not take that seriously, but it has been put to us.

Mr BARRESI—I am not proposing it. There have been some witnesses who have proposed it.

Ms GILLARD—On that question, it is a challenging problem and I accept that there is no neat solution. In terms of some of the issues about discrimination, I accept your contention that we have not had an example before this inquiry nor are you likely to get one where worker A, who is 50, is sitting next to worker B, who is 25. They both have exactly the same skill sets and the employer comes in and says, 'I'm getting rid of you because you're the older one.' We have not had evidence to that effect nor would we get it because, even if that was the thought process, no employer would be dumb enough to walk in and say, 'You're the 50-year-old; you can go.' But if the statistical evidence from Drake and the other surveys that we have had are right, on the best case for you, that can only be explained by differences in skill sets. So you are saying, 'It's not direct discrimination. You don't think it is indirect discrimination. You think it's based on differences in skill sets.' The question then has to be raised: why do older workers, often with very long service with one employer, have a disadvantage in relation to skill sets? The answer must come back, 'It's got to have something to do with the employer's training culture', mustn't it; otherwise their skill sets would have been developed and advanced?

Mr Paterson—It may have something to do with the employer's training culture. But it may be completely unrelated to it. If you have been in an industry that has been bubbling along in a reasonably conventional way for a significant period and it is challenged by new technology, a new competitor or by the fact that there is no longer a market for the product, it is not the fault of the employer per se that they have not developed their people for another job with another employer in another industry.

Ms GILLARD—No, I am not suggesting that.

Mr Paterson—If we disaggregate what is in that cohort and the people who are unemployed, it is not a product necessarily of the failure of the employer to train people to undertake the activity that that employer requires because employers do that. They do it as a matter of course. There is more money put into vocational training by employers than by

governments. So there is a very substantial commitment by employers to structured training arrangements within their businesses. That is a fact that is not often recognised. People see governments with TAFE systems, apprenticeships, traineeships, and the like, spending a lot of money on vocational training. More is spent by employers than by governments in that area. An employer who fails to maintain the skill set within their business fails to maintain their business. So there is a commercial motivation for them to do so. But they are not there to train people for a job for another employer.

Ms GILLARD—No, I accept that. What statistically explains the evidence before this inquiry that, in retrenchment and hiring decisions, employers have a preference for younger workers? What explains that, if it is not direct or indirect discrimination?

Mr Paterson—I do not accept that it is direct or indirect discrimination.

Ms GILLARD—What is it then?

Mr Paterson—I would strongly argue that it is commitment to learn and commitment to an ongoing desire to learn. The research that has been undertaken in the marketing strategy reinforces this. In two quartiles, you have got those who have learnt to earn—that is, they have got their ticket to start, and they have sought to pursue no further skill enhancement or training activity throughout their life—and those who have been there and done that: those for whom it is no longer relevant or they never did it and they are not likely to do it. These people were disenfranchised by the school system and they felt disenfranchised from the learning system right the way through. That is half the population or close to half the population in terms of that research: people either want their ticket to entry and they do not do anything further or are not actively interested in learning.

An employer making decisions about those who have no desire to upgrade their own skills and to maintain their own skill levels, that is not direct or indirect discrimination. It is about making proper commercial decisions about those whom you would employ. The people who are engaged ought to be the best people for the job, and if you did not give it to the best people for the job, you would be guilty of discrimination against those people.

Ms GILLARD—Absolutely; but all of those are truisms like the sky is blue. If we are going to disaggregate it, you must be saying that there is a statistical correlation between disincentive to learn and age, and there has been evidence before this inquiry that that is not the case. If you are not saying that, you have still failed to explain the reasons why employers, on the evidence before us, prefer, in redundancy situations, to retain younger workers and, in hiring situations, to engage younger workers.

Mr Paterson—I am saying that the evidence, the quantitative analysis that has been undertaken, does not go in with the presumption in relation to age. It looks at people and their desire to learn, their commitment to learning and the factors that influence that learning. It then analyses the groups of people that answered the questions in these various components. The age number was the by-product of the research. We did not start with a cohort and ask questions in the 45- to 64-year-old age group. It was: what are the characteristics of those people who demonstrate these commitments to learning?

Ms GILLARD—We do not have the benefit of that material. For my own part, I would take a very great deal of convincing that the employer attitude that we have seen can be explained. The evidence that has been given to us about employer attitude in relation to age can entirely be explained by rational perceptions of skill sets and training capacities. That simply does not stack up with what has come before this inquiry. From the point of view of your organisation, you need to take that on board in your thinking. It simply does not stack up with all of the information that we have had here. On the state of the evidence before us, it cannot be the explanation. I think you need to do some thinking about that.

CHAIR—Sorry, Julia, we have to finish or we will not be able to speak to the next group. Mark, would you be prepared to come back and speak to us again at another time?

Mr Paterson—I would be happy to.

CHAIR—Thanks.

Mr BARRESI—I have got a thousand questions, Mark.

Mr Paterson—And we do not have answers to all of them.

CHAIR—Yes; I know that. I just emphasise to you that the last thing any of us—whatever our political colour—would be wanting to impose upon you is something that makes it more difficult for businesses to do business. But we have to balance that with the human cost of displacement and all those things.

Mr BARRESI—By way of a concluding statement, Mark, I would like to see you again, simply because a lot of evidence is given to us that I think needs to be tested against an employer group, and from my perspective it would be very valuable to meet.

CHAIR—I just foreshadow something else: would you consider attending a roundtable discussion with us, the Business Council, the ACTU, the small business groups, to have a talk about some of these issues?

Mr Paterson—I would be happy to.

CHAIR—We want to make sure that we get this right and that it is in everybody's interests. Some of the things that we have put to you, by the way, are things that witnesses have put to us. We know that putting a levy on a business that is already in trouble is not the solution to life's problems.

Mr Paterson—Before I have the opportunity to speak with you again, in dealing with the challenges that are confronting employees in these circumstances, there are very significant challenges confronting the employers who manage those businesses. We need to recognise the capacity of those businesses to implement the sorts of things that are being talked about because there is no point in raising the level of hope that we will find a reasonably easy solution to this problem and then expect that SMEs, without the capacity to do it, will deliver the result we want.

CHAIR—I could not agree with you more.

Ms GILLARD—No-one has suggested there is a reasonably easy solution, but the attitude has got to be more than 'too bad'.

Mr Paterson—Absolutely. In responding to that, I hope you do not see my responses as being in any way, shape or form 'too bad'. We do not spend the amount of time focusing on these issues—and I do not spend the amount of time focusing on these issues—because of a presumption of 'too bad'. If you have gained that impression, it is a misplaced impression and I am happy to spend time in addressing that impression.

Ms GILLARD—I have gained that impression.

CHAIR—As I said, we will get you back, Mark, if you are able to come. One of the things I have been thinking about is perhaps a roundtable with some of the key industry and employee groups to see if we can develop an idea that at least is acceptable. To me, there is a better way of doing it, so let us at least try. Thank you.

[1.31 p.m.]

HENDERSON, Mrs Ruth, Referral Manager, Volunteering ACT Inc.

PORTER, Ms Mary Edith, Executive Director, Volunteering ACT Inc.

CHAIR—Welcome. Would you like to give the committee an overview?

Ms Porter—Volunteering ACT is a peak body for organisations that work with volunteers. It is affiliated with Volunteering Australia—with whom you would be familiar—which is the national peak body. One of our roles is to work with unemployed people to assist them in finding satisfactory volunteer placements. We give people referral information—we do not actually place them—about satisfactory volunteer placements that they can take up if they so wish, and we have a formal arrangement with the federal government through the VWI, the voluntary work initiative, through Senator Newman's department in actually placing people into voluntary work. So we have some experience of the value of voluntary work for people over the age of 45.

We have also had a small study done through our Western Australian centre. The centre hired a master of psychology to study the effects of unemployment on men over the age of 45 and the effects of voluntary work. We do not have the paper from that study yet, but we do have the feedback about some of the results.

Our concern is that voluntary work is in fact a pathway to paid work. Unemployment has both a social and an economic effect on people, as we all know, and is particularly devastating for people over the age of 45 because of the perceived discrimination—whether it is real or not—by employers against people over the age of 45. One of the difficulties that people report in trying to find paid employment and one of the highest motivators for people to come to the volunteer centre, generally level pegging with being able to be useful, is skills development. That is what people are looking for, particularly those who are actually unemployed.

The other concern we have is particularly with regard to unemployed men. Professor Bob Gregory has been studying unemployment and the effects on males for quite some time. He reported at one of our conferences that he was particularly concerned for unemployed men over the age of 45 who were blue- collar workers.

When you study the ABS statistics from the first national survey into volunteering in 1995 you find that the largest category of people doing volunteer work is the higher educated—professionals, para-professionals, managers and those kinds of people—and as you go down the list to tradespeople, manual workers, et cetera, fewer and fewer are doing voluntary work. The message is not getting through to them that voluntary work can improve their chances of getting into paid work and that it can actually assist them in feeling better about themselves, in making them more job ready and in preventing them from going into depression—which is the thing that the study showed. They are not seeing the benefits, they are not getting the message and they are not taking up that chance to do voluntary work. It is our concern that that group of people in particular—the blue-collar worker over the age of 45—is missing out. That is our concern and why we, as a peak body for volunteering in the

ACT and also representing a very similar picture across Australia, decided to come to you today.

CHAIR—Volunteering now counts as a work activity for the mature age allowance, I think.

Ms Porter—Yes, that is right.

CHAIR—Have you found that that has increased the amount of interest in volunteering?

Ms Porter—Yes, we have found an increase.

Mrs Henderson—Over the last five months we have had a 200 per cent increase in people coming from the mutual obligations scheme and applying for voluntary work, with a placement of around 15 per cent. Because it is voluntary work, we refer them on; we do not actually place them. They have to make the effort themselves. There has been an increase of about 200 per cent on the figures over the last five months of those people, but only 15 per cent are still being placed in voluntary work.

Mr BARRESI—How many in that 200 per cent increase have been in the mature-age category?

Mrs Henderson—I do not actually know the full answer to that, but I could quite easily find out for you. I would say that it has come mainly from the younger age groups, the younger people from 25 to 34. The mutual obligations scheme only goes to 34. It starts at 18 and goes to 34. The men we are getting who do fit into that category of 45 and above do recognise the benefit of voluntary work, and they are more likely to follow through and actually find themselves a placement.

CHAIR—Do you provide any accredited training or anything like that? Can you achieve some training credentials through volunteering?

Ms Porter—Yes, non-accredited and accredited. We provide what we call a bridge to volunteering, which is an introductory hour and a half offered to everybody who comes to the volunteering centres right around Australia. In the ACT we offer an eight-week, three-module accredited course in what is called volunteer skill training. The participants do get a nationally accredited certificate at the end of that.

Ms GILLARD—Have you had any issues regarding displacement effects of volunteers for paid workers? How do you deal with that as an issue? When you said that it was blue-collar workers over 45 who perhaps have not picked up on the availability of voluntary work whilst there may be volunteer work available for them, that would seem to me to be the sort of occupational range in which displacement issues might be at their most acute.

Ms Porter—We would not be talking about those people going back into the areas that they have come from. We would be talking about them going into non-profit organisations. A lot of non-government and some government organisations are working with volunteers. The volunteer movement around Australia has a very strict code of practice. Every

organisation that joins their particular volunteering peak body in their state or territory and would like to have volunteers referred to them has to agree to answer certain requirements. One of them is that they are a not-for-profit organisation and another is that the job they are actually asking for volunteers for has been tested against some measure as to whether or not it would normally be a paid job. They must have proper insurance and all sorts of things like that. There is a very strict criteria through which we work.

CHAIR—Through your organisation you are dealing with a lot of people such as the ones we were discussing with Mr Paterson, who represents the Australian Chamber of Commerce and Industry. Do you have any comments to make on some of the things that Mr Paterson said?

Mrs Henderson—I would agree with Ms Gillard and her views. A best practice standard would be a very good idea, to be honest, if I might make a comment on that. It does not cost anything to put a standard in place. We follow a best practice standard all the time and we ensure that our agencies follow it, and we are at the poor end of the market, so if we can do it I think employers would be able to do it. Also, there is a perception that if a person is over 45 and has similar skill sets to a younger person, and they are sitting for the same position, the younger person will get it. That has been proved by the Drake research that was conducted a couple of months ago. Also, managers like to surround themselves with younger people, they do not like older people there—those over 40. These views have all been borne out by the Drake research conducted a few months ago. It was published, I believe.

Mr BARRESI—We met with Drake last week. What are some of the other reasons that that decision will be made? You mentioned that they like to be around young people. From what you have heard, what are the other reasons often given?

Mrs Henderson—There is a general misconception in our society that if you are over 45 you are difficult to train—and I am saying that it is a misconception—that you are inflexible, that you do not like change and that you are more likely to be sick. That has all been proved—and I think it is from the same research—to be incorrect. I find that the older people, age 45 and above, who come in to look for voluntary work are quite eager to have a look at different types of work and different categories of voluntary work. You can volunteer in any kind of field or form that you choose. They are quite willing to say, 'Yes, we will have a go at that.' They are probably more flexible in that way than a younger person.

Mr BARRESI—We heard from a witness earlier today that one of the problems with doing voluntary work is that often there is a personal cost in being involved. Is that a common criticism you receive, that there are personal costs that they have to bear?

Ms Porter—Yes, it is. It is obviously more difficult for someone who is unemployed or a retired person on a pension to do voluntary work unless the organisation that they are working for will pay their out-of-pocket costs. Part of our standard, our code of practice, is that if the organisation cannot pay the full out-of-pocket costs they should work towards being able to subsidise a person's out-of-pocket costs. We encourage that as part of our code of practice, but not all organisations are able to do that. You have some small organisations who do not have any financial resources at all, so it is very difficult for them to pay out-of-

pocket costs for volunteers. So, yes, it is a disincentive, but we encourage organisations to take up the responsibility. It is going to get worse with the GST, by the way.

Mr BARRESI—Wait and see. Is most of the cost transport cost?

Ms Porter—No, it is telephone, and sometimes organisations will not pay for their training and they will send them to our training courses. We have a very minimal cost recovery for that, but they will not pay that and the volunteers pay for it out of their own pocket. With regard to the GST, the answers that we have received have been that they will not be covering the extra out-of-pocket costs for volunteers, only for employees, so that is a concern for us.

CHAIR—We spoke to Volunteering Australia last week, so we have basically covered most of the issues there. Thanks for taking the time and coming along, and thanks for what you do. As the Prime Minister said, it is the glue that holds our society together. I wish more people would see it that way.

Ms Porter—Yes. I am sure that the International Year of the Volunteer in 2001 will see a lot more focus on things like that.

CHAIR—Thank you very much.

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

That this committee authorises publication, including publication of the proof transcript on the parliamentary database, of the evidence given before it at the public hearing this day.

Committee adjourned at 1.45 p.m.