



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**

THURSDAY, 9 DECEMBER 1999

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

Thursday, 9 December 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: Dr Emerson, Ms Gillard, Dr Nelson, Mr Sawford and Mr Wilkie

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

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Committee met at 9.08 a.m.

PURNELL, Mr Bevil, Acting Coordinator, Belconnen Employment Solutions Taskforce

CHAIR—I declare open this public hearing of the inquiry into mature age workers. I welcome Mr Bevil Purnell, the representative from the Belconnen Employment Solutions Taskforce, who has come here today to give evidence to us. We will also be hearing from officers from the Department of Employment, Workplace Relations and Small Business. 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 a contempt of the parliament. The committee prefers that all evidence be given in public but if at any stage you want to say something privately, please indicate and we will consider your request.

Perhaps you could give us an overview of the nature of the problem as you see it, emphasise the things that you think ought to be emphasised and focus on some of the key things that you would like to see happen. Then we can discuss those issues.

Mr Purnell—To start, I would acknowledge that I am also a member of Re-Employ Active Mature People, REAMP, which contributed to our submission. I understand that I should indicate what I believe are the five most important issues that the inquiry might think about. In the summary of our submission there are 12 main points, which are all important, but I will confine myself to five issues, without suggesting that I am covering them in any particular order of importance. Also, I wish to emphasise that every unemployed person faces his or her own unique problems and challenges in being without paid work. I ask you not to lose sight of the individual in the very diverse target group that is the subject of this inquiry.

I will refer to several publications which were recently released at the regional and national levels. At the regional level, an employment strategy for the ACT, Jobs for the Future, was launched on Tuesday this week. Associated with that is a previous discussion paper, a three-year forward plan for older people in the ACT 2000-03. One of the questions in that paper is: how can the positive aspects of retaining and employing older workers be promoted in the community and to employers? That is one of the five issues I would propose for your consideration. At the national level in November 1999, as part of the National Strategy for an Ageing Australia, the Minister for Aged Care issued the 'Employment for mature workers' issues paper. It includes a chapter on the attitudes of employers, employees and the community, which relates to the issue that I have just mentioned.

Intrinsic to the themes of the National Strategy for an Ageing Australia is the broad concept of positive ageing, part of which is healthy ageing. Our submission indicates that unemployment is often linked with a deterioration in physical, mental and emotional health and in social and recreational contacts and activities. So the second of the five issues I would propose for your consideration is: how can the positive aspects of promoting healthy ageing be linked to encouraging the retention and employment of older persons?

The third of the five issues is: what positive measures can be taken to more effectively include more older unemployed workers in communications and consultations about

proposals for meeting their need for paid employment? Page 12 of this paper notes that, in 1998, for every three unemployed persons between 45 and 65 there is one discouraged job seeker. I think there is a need to reach out to and consult with discouraged job seekers.

The fourth of the five issues is: what positive measures can be taken to encourage more unemployed job seekers to undertake self-help activities, individually and in peer groups, in volunteering, retraining and self-development activities? Those activities could well include lobbying and representational action. In our view, volunteer community groups of and for unemployed people are not given effective practical assistance by governments.

The fifth issue is: what positive policy measures can be undertaken to ensure that mature age unemployment does not lead individuals and families so often into poverty and an inability to provide for their old age? That is my introduction.

CHAIR—Thank you very much. In your submission you correctly emphasise the importance of early intervention in terms of helping people in this age group who might lose their jobs or become redundant. Specifically, what sort of early interventions, particularly involving government agencies, should we be looking at?

Mr Purnell—First, where there is at least some warning of impending unemployment, it is important that there be counselling and consultation about the effects of that. From my experience, a lot of government departments often do provide a reasonably good area of counselling, but not everywhere. The first thing in terms of early intervention is to actually prepare people. The second is to ensure that people who are unemployed are not left without advice as to how they might access services which are designed and available to help them and how they might seek retraining, help with job skills and so on.

One thing we found fairly consistently was that most unemployed people are largely unaware of the range of services available to help them. In the early stages of unemployment, they are often quite optimistic and think, ‘Oh, I can get on without any help.’ If facts prove them wrong and they have a lot of trouble, they tend to move back into an isolated situation. It is quite a difficult task to get the information across, particularly to more mature people; it might be the first time in their lifetime that they have been out of work, so they are often unprepared for that situation.

CHAIR—Mr Paterson, the Chief Executive of the Australian Chamber of Commerce and Industry, told us that there is no discrimination by employers against older workers. Do you have any experience of that? Would you agree with his observation?

Mr Purnell—No, I would not agree. Certainly the perception of older workers is very strong that they are discriminated against. I think there is some evidence for that. I do not think it is necessarily always a planned policy process, although in some cases there seems to be a planned policy not to use older people. I think there is, shall we say, an ingrained community attitude that at some stage of life you are past it, and I do not think that is true. We are in a very tight labour market where employers do have to make choices between lots of applicants, and I think it is a very easy sifting mechanism to say, ‘Oh well, we won’t worry about those people.’

CHAIR—I must say that I think all of us had great difficulty with Mr Paterson's view of it—a view which was not shared by other industry leaders, I might add. How is the Job Network specifically serving the interests of these people about whom you have a concern? How could it be improved to better meet the needs of older workers?

Mr Purnell—I would make two observations. One is that we have just had a major change in players with the pre-existing Job Network. In the past I think the degree of assistance that older workers received varied considerably from one Job Network provider to another. Often where the Job Network member employed older people who had some greater understanding of just what it might mean to be unemployed at an older age, there was more sympathy. But certainly there were many cases of older people telling us at our meetings that they had registered with a Job Network member and then had heard nothing until six or nine months later when they were asked whether they still wanted to be on the books. So there was a considerable difference among Job Network members.

There have been recent changes, and we were concerned about one of them. As BEST and REAMP, being voluntary bodies, we received from some Job Network members a considerable degree of assistance. They attended our meetings to explain what they were offering. They might have helped physically with a bit of photocopying and all that sort of thing. So we had that group, but then there was another group of Job Network providers who seemed to not want to know about us.

As far as we are concerned, what has happened in this latest round is that those that did not want to know about us have got increased coverage in the market; those that were specifically very helpful to us have lost ground, particularly in the area of servicing disadvantaged workers. We do not know whether that was deliberate or why. But it has come as a sort of shock in the last few days in that now we will be faced, firstly, with trying to re-establish contact with Job Network members who, in the past, have not been very interested in what we do; and, secondly, with establishing contact with some completely new players in the ACT area. So that is one aspect.

Mr WILKIE—Why do you think that is? Do you think they have been seeing you as a competitor?

Mr Purnell—Perhaps not a competitor. However, in some instances we have been sort of critical. There were cases where Job Network members were breaching age discrimination regulations in the way they advertised jobs. They were advertising jobs as age specific when they did not need to be age specific. We took that situation up with the Discrimination Commissioner in the ACT, and they were reprimanded. It might have been that there was a bit of a carryover from that. But we also did the same thing with some of the people who were supporters, and they did not take that action.

No, I do not think they saw us really as competitors. We are not. We do not do any sort of job matching and we do relatively little training. It is more that we encourage and help people to access the existing Job Network members and other training facilities. But I think it is more difficult for them to place older workers—and that is another piece of evidence of discrimination—and they are more interested in achieving success with less difficult cases.

Mr WILKIE—How do we change employers' opinions about employing the mature age unemployed, in your opinion?

Mr Purnell—Although it will never be sufficient, we do need antidiscrimination measures. We also need education and persuasion measures. I think there has been some degree of success during this International Year of Older Persons in publicising and bringing to the attention of the community generally the positive aspects that mature age people can bring to the workplace.

I understand that in November there was to be an employers conference in Melbourne relating to this issue. I do not yet have feedback from the results of that, but I am hoping that will also have been constructive. I might add that, early in the piece, we felt the degree of attention paid to older unemployed workers in early IYOP activities was pretty slim, but there has been an increase during the year. Even this document is evidence that the IYOP has certainly added to that.

In the ACT, we had a situation where the area consultative committee was interested in running a parallel event with the national conference as a sort of preliminary, and we did a lot of preliminary work with them. But they then had a personnel change with their executive officer, and the whole idea faded away and nothing happened. So that was one of the disappointments for us this year.

Dr EMERSON—Have you had any experience with mature age workers in the ACT who, having become unemployed, feel there is a high probability of getting another job and, therefore, do not seek assistance? This relates to early intervention, which we were speaking about earlier. Have you had any experience where apparently they think, 'Oh, I'll be all right, I've got lots of skills. I'm proud and I can stand on my own two feet,' and then, after three or six months and that turning out not to have been the case, and with their having been disengaged from the work force for a fair while, employers' perceptions of their future employability is adversely affected?

Mr Purnell—Yes, that is a fairly common experience. A lot of unemployed people—people who have been retrenched or whatever—initially feel quite optimistic about being able to handle the situation. They say, 'I'll handle this situation; I've been employed for the last 20 years and I'll be right.' Initially it comes as a shock to find that it is not as easy as they thought it would be. They say, 'It happens to the other person; it doesn't happen to me.' It is after that when people are really prepared to pay attention. But you have to reach them and communicate with them in ways that they can appreciate.

I would just add that one of the strengths we feel we had in our organisation was to keep it very much on a person-to-person basis. The surveys we did were not just the handing out of written things or the sending out of them in the mail. We, as members, stood in the Centrelink offices or in the shopping centres and handed the survey form to a person and spoke to them. It was the conversation and the person-to-person approach that we felt were very important in getting their attention.

Ms GILLARD—In your submission, you comment on the need for government to devote more resources to help mature age job seekers establish viable businesses. Do you

have any specific recommendations about how the NEIS scheme could be changed and designed to achieve that end?

Mr Purnell—Of the two ends, one is the eligibility criteria. I think sometimes there might be a need to be more flexible in eligibility for entry to the scheme. At the other end of the scheme, there is a need for more practical financial assistance to cover them during their period of getting established. With the way the eligibility criteria works, you can be pretty sure that they do not have too much capital to start with. If they could perhaps borrow some capital at no interest or very low interest for a time, it might overcome some of the difficulties.

CHAIR—This is to get a business going?

Mr Purnell—Yes.

CHAIR—The NEIS program is very good, but it is difficult to get into. It has been said to us that it basically helps establish undercapitalised micro-business, and the people most likely to succeed in it, in fact, are not eligible for it. One suggestion is that some sort of small start-up capital sum could be made available as an interest free loan with a HECS-style repayment system. Once you are up and running and have hit a certain income level, you would repay. How do you think that might go down?

Mr Purnell—I think it would be helpful. I think a number of people would benefit from it. It is a sort of ‘horses for courses’ situation. We have found that if you ask the general question, ‘Would you be interested in starting your own business?’ a pretty high proportion of people say yes. If you ask, ‘What do you know about it?’ and so on, it is seen as a bit of a pipedream for lots of people. But I think there are significant numbers who, with more practical help, could get going. The home based business associations have certainly strengthened and developed in the past few years; perhaps even assisting them to assist their members could be helpful too.

CHAIR—Thank you very much, Mr Purnell. I thank you and your colleagues for the work that you do in trying to help people in this age group. We appreciate it. Thank you for your detailed submission and for being prepared to come up and talk to a bunch of politicians about it. It is not something we take for granted.

[9.33 a.m.]

JUDGE, Mr Hal Francis, Director, New Enterprise Incentive Scheme and Jobsearch Training Section, Employment Services Market Group, Department of Employment, Workplace Relations and Small Business

NEVILLE, Mr Ivan, Director, Sectoral Analysis Section, Labour Market Policy Group, Department of Employment, Workplace Relations and Small Business

PRATT, Mr Finn, Assistant Secretary, Employment Services Market Group, Development and Analysis Branch, Department of Employment, Workplace Relations and Small Business

STEWART-CROMPTON, Mr Robin, Deputy Secretary, Department of Employment, Workplace Relations and Small Business

YATES, Mr Ralph Bernard, Group Manager, Labour Market Policy Group, Department of Employment, Workplace Relations and Small Business

CHAIR—Welcome. Mr Yates, I suppose you are the team leader.

Mr Yates—Yes.

CHAIR—Please give us an overview of your submission and make any comments that you feel you need to make about what you have seen, heard or read in the *Hansard* and correct incorrect things that have been said, or whatever.

Mr Yates—Thank you for this opportunity to address the committee. Our submission to the inquiry sought to focus on four main issues: the major characteristics of a labour market for mature age workers; barriers to employment that are faced by that group; some of the international experience and insights that can be gained in addressing this sort of issue; and an overview of the programs implemented by the department that are particularly relevant to the mature age unemployed and opportunities to establish small businesses.

I will just touch on the first of those areas, which is the labour market profile of this group. Clearly, the ageing of the Australian population over recent times has resulted in both a strong growth in the numbers and the proportion of mature age persons who are in the labour force. Indeed, a key feature of the changing labour market over the last decade has been the quite rapid increase in labour force participation amongst mature age women—there has been quite a significant growth—whilst for mature age males by and large it has been stable. However, at the older end of that cohort we have been seeing some decline, particularly with the trend towards early retirement.

Mature employment has increased by something like 44 per cent over the decade. That has accounted for perhaps more than three-quarters of the employment growth that we have actually seen over that period. Moreover, when we look at the unemployment rate for the mature aged, it has been consistently lower than for younger workers. Most recently, in October 1999, it stood at about 4.4 per cent compared to 7.8 per cent for workers under 45

years of age. In the 12-month period most recently, we have seen the level of mature age unemployment fall by 12,000, or more than 8½ per cent.

That perhaps more positive story about the situation of mature age workers starts to change when we look at their experience of unemployment. By and large, once they lose a job they tend to remain unemployed for longer periods. If we look at the most recent figures for October 1999—the November data are coming out later today—we find that the proportion of long-term unemployed is 48 per cent for mature age workers compared with 26 per cent for those under 45. So it is something like almost double when it comes to duration. There seems to be a bit of a paradox, I suppose, in that there is a very high employment intensity for mature age workers in terms of employment and participation rate, and a relatively low unemployment rate; but, when people of this age cohort lose jobs, they clearly experience some quite significant barriers in terms of regaining employment, as reflected in the duration and intensity of their unemployment.

I will now turn to the sorts of barriers that mature age persons experience in the labour market. In reviewing and assessing the evidence on this matter, it would appear that the principal difficulties they face are those connected with regaining employment primarily because of labour force characteristics they possess. This is not to say that there are not some elements of age discrimination; clearly it is a lot harder to discern. When you look at the objective characteristics, you find that mature age job seekers generally are less well educated than younger job seekers, have poorer literacy and numeracy skills, are more likely to suffer from a physical disability and tend to live in non-metropolitan areas where employment prospects are weaker. So there are clearly elements and factors which can account for the higher incidence of longer term unemployment amongst this group.

We have done some survey work within the department which, by and large, corroborates that picture. That survey work was done on the views of employers and went to the factors which affect their recruitment decisions, such as judgments about mature workers' lack of relevant skills and capabilities, whether in the IT area or in general their flexibility and adaptability, and their capacity and readiness for retraining. They are obviously judgments that influence their views about whether it is more effective to invest in older workers compared with younger ones.

As for age discrimination, I guess we have not bolted that matter down. But I suppose our survey work does throw up some lack of awareness of aspects of age discrimination legislation which is in place.

CHAIR—This is awareness by employers?

Mr Yates—Yes, that is right; that it is a prohibited provision in terms of recruitment decisions. There may be some ignorance factors which are relevant to any perceived discrimination. People may not be aware that the factor of age cannot be taken into account in deciding the merits of recruitment. We cannot provide any definitive story around this, but there would be areas of ignorance. Our assessment in the main is that objective factors probably are the main elements. Perhaps stereotypes tend to grow out of those and influence screening decisions by employers when they have a wealth of applicants for positions and

they are deciding who they will short-list. But it is not something that we can bolt down, if you like, in a very definitive way.

Turning to international experience, we sought to look at the picture in OECD countries. Many OECD countries have seen quite significant reductions in labour force participation amongst older workers, particularly males. That has thrown up a number of concerns. First, clearly there is this issue of a growing dependency ratio where future government expenditure on aged income support will be blowing out. There is also our concern about potentially inadequate supplies of labour to meet employer demands which may show up in skill shortages if people drop out of the work force at ever decreasing ages.

In terms of OECD commentary about the Australian experience, clearly our overall population is generally younger than most OECD countries. Consequently, some of the concerns are less urgent here, although I think it is really a matter of time, because demographic shifts that have already occurred in other countries and are continuing are now starting to take root here in Australia also. For its part, Australia has been seeking to progress a range of reforms consistent with the Job Strategy which the OECD released earlier in the 1990s. But some issues have been raised about the need to reduce the trend that is opening up in Australia towards early retirement if we are to maintain adequate supplies of skills. I will come back to that issue a little later.

Just on programs within our department which are of relevance to the inquiry's focus, clearly we have a range of programs of pertinence, most particularly perhaps the Job Network. From reviewing the experience of the Job Network as it relates to this group, mature age job seekers are around 20 per cent of the Job Network eligible Centrelink register. They are quite well represented currently in intensive assistance, which is the element of Job Network's program that is particularly directed to disadvantaged workers. Mature age workers make up something like 30 per cent of commencements in intensive assistance. That is a fair bit beyond their representation in the Centrelink register. They are also securing around 24 per cent of the outcomes from intensive assistance. So, recognising that mature age job seekers are generally among those most disadvantaged in the labour market, the early results—and to some extent the data is relatively early—nonetheless are fairly encouraging in the support they are giving to this group.

Within Job Network we have a mechanism or instrument, the job seeker classification instrument, which is basically a weighting device to give due attention to those job seekers with particular disadvantage who, therefore, should be given priority in receiving more intensive assistance to find employment and boost their employability. If a person is over 45, a greater number of points is attributed to them through that mechanism. That then enhances their access to the intensive assistance end of support that the Job Network provides.

You would be aware that the government has recently announced the second tender for Job Network. We see that as providing further significant opportunities for job seekers in terms of the range of organisations that are being offered contracts across the country. It means improved coverage, more sites, especially in regional Australia. It is a market that will be even more focused on quality services and performance, with a larger role for the community and the private business sector, and the continuation of the market's best performers. Competition for Job Network contracts in the second round was very strong. In

all, some 418 organisations tendered. The high performing ones, particularly those focused on disadvantaged job seekers, have been those to be rewarded with business.

Complementing that particular key role of Job Network is the New Enterprise Incentive Scheme. This currently provides over 6,000 places annually to unemployed people to help them in establishing their own businesses. Assistance given involves the provision of training and mentor support and income support for up to 12 months. Since Job Network started, the mature aged have made up around 23 per cent of NEIS commencements compared with the approximate 20 per cent share of total unemployment they make up. NEIS has also proved to be one of the most successful programs, with the latest post program monitoring figures indicating that some 82 per cent of participants have achieved successful outcomes. In addition, for every 10 successful NEIS businesses, on average some eight new jobs are created within those businesses.

Alongside that activity is the scheme in the department for small business incubators, which help new businesses to become established by supplying premises, advice, services and support. Incubators aim to reduce the failure rates of new businesses and, in the process, create employment opportunities in regional communities particularly. More generally, the Business Entry Point provides a wide range of information to persons contemplating establishing a new business, including advice about taxation, accounting, staff recruitment, wages, conditions, workplace relations and the like.

There are a number of other programs. There is our Return to Work Program, the work of area consultative committees and the Regional Assistance Program. These in various ways aim to support employment growth and opportunities for job seekers, including older workers.

Finally, we have responsibility for the workplace relations framework. The current Workplace Relations Act effectively restricts compulsory retirement to jobs where there is an inherent requirement that employees be under a particular age. You would be aware that this week the government's legislation for a new Public Service Act has removed the compulsory retirement age from the Australian Public Service.

More generally, the Workplace Relations Act, with its focus on enterprise level agreement making and the resolution of workplace relations matters, allows much greater flexibility to negotiate changes in working patterns and arrangements, to make them more appropriate to the circumstances of workers, including older workers. For example, the scope is therefore much wider where mature age workers are looking for greater choice. Being able to work part time or choose options that suit their circumstances, such as phased retirement, is now much more feasible in this framework than under the more highly regulated and prescriptive regime that has applied in the past.

I will conclude my opening remarks. There is good cause for concern about the mature age unemployment issue. We underline that the key driver for improving labour market outcomes for mature age persons is likely to be the same as for job seekers more generally; namely, to promote the conditions that continue to support strong and sustained economic growth. That obviously requires an appropriate mix of structural reforms and sound macro-economic management. We are seeing good results through the 1990s from sound policies in

those areas. Together with those general macro-economic approaches, clearly there is a role for specific initiatives—such as the ones I have referred to in terms of Job Network, the Regional Assistance Program, workplace relations reforms and small business initiatives—that can contribute to an expansion of employment opportunities, including for the mature aged.

Employers themselves clearly have a responsible role to play in this area, both in terms of ensuring that their recruitment decisions are discrimination free and, indeed, in the way in which they go about restructuring their work forces if they have to go through a process of downsizing or adjustment. They should undertake that process in a way that is mindful of the implications for the displaced workers. It is evident from the facts that older workers in particular face difficulties. The ways in which employers assist transition is a relevant consideration in the issues being focused on by the committee.

More generally, it is important that employers not undervalue the contribution that mature age workers make. It is especially so as we look ahead down the next couple of decades where the labour force will be growing much more slowly and where older workers will form an even larger proportion of the work force. We could be in dire straits if there were an intensification of any perceptions that people over 45 are somehow less suitable contributors to the work force. They are, in fact, going to be very dominant players in the work force of tomorrow because of the slowing of birth rates and the ageing of the population. Some of those issues were recently given attention in the Minister for Aged Care's paper on mature age employment, which has been released as part of the National Strategy for an Ageing Australia.

My colleagues and I would be pleased to assist the committee in whatever way we can in our answers this morning and by adding in any way to our submission. We have received the matters, questions and issues raised by the committee which we have been invited to address, and we are currently giving attention to them as they relate to the department's sphere of responsibilities and expertise.

CHAIR—Thank you very much, Bernie. These issues have been put to us by many people. We may or may not recommend them but we want to cost them, apart from anything else. Thank you for the detail and professionalism of your remarks.

As you could imagine, we have had a lot of anecdotal evidence to suggest that there is discrimination against older workers. Recently we had the Drake survey. Davidson's people came along and certainly reinforced the view that there is some degree of discrimination. Yet it is interesting that the paper to which you have referred and which was released by Minister Bishop said that three-quarters of the jobs created since March 1996 have gone to people over the age of 45. So that might support the argument of Mr Paterson from ACCI, who told us that there was no discrimination. Have you done or are you doing any sort of research which might add to our understanding of this?

Mr Yates—We have been doing some survey work. It was not complete at the time of our submission being presented to the committee, although it was referred to. It is being finalised at the moment. It involved a survey of just over 400 employers. We have sought to tease out the underpinning views that underlie recruitment decisions as they relate to older

workers. As I have indicated, there seems to be a preponderance of reference to objective considerations of essential factors behind decisions about who is employed. But at least in some regards there was some evidence that awareness amongst employers about age discrimination provisions was not as extensive as I guess we would have hoped. Whether or not that translates into actual discrimination is another question.

This is always going to be a hard one. The evidence, when you actually look at the situation of older workers in the labour force, demonstrates that there is no blanket view that somehow when one turns 45 or thereabouts your service is over. Quite clearly, they have a very high employment rate and a relatively low unemployment rate. So the manifest experience of this group is that they are a fundamental and important part of the work force. I think something close to about 30 per cent of employees are in that group, so it is hard to sustain that there is some sort of broad based discrimination.

That said, having gone through some fairly significant structural adjustment over the last 10 to 15 years, and recession experiences which on balance have tended to impact more heavily on older workers, that may have contributed to judgments or perceptions or the screening out of opportunities for older workers compared to younger ones when it comes to who you will interview and who you might recruit. Employers can be a lot more selective.

Our experience cannot, I think, corroborate any firm conclusion about the specific instances of discrimination or where it rests. But I suppose it does signal the need for a more active promotion of antidiscrimination provisions which are there to ensure that people are alive to them and that decisions are being made on factors unrelated to age.

CHAIR—We have had a significant look at this whole issue of how people are made redundant or dismissed. Perhaps some of the people working with you have looked at the *Hansard*. We have been looking at the concept of developing some kind of—hopefully, it would not be prescriptive—code of conduct that is appropriate to the size and nature of a business. It would provide a set of guidelines, if not a benchmark, for the ideal way in which redundancy and dismissal ought to be dealt with. It would involve Centrelink and other government and non-government agencies seeking to give employers guidelines on how to humanise the process and to maximise the opportunities for early intervention. Have you given this any thought?

The Business Council were particularly receptive to this, as was the Coalition of Small Business Organisations. The Chamber of Commerce and Industry, whilst being prepared to sit down and talk about it with unions and other interested groups, was not overly enthusiastic.

Mr Yates—Certainly we would tend to be supportive of a non-prescriptive approach in that regard. Codes of practice can be quite instructive in educating and informing about good practice. As we look back over the last 10 or 20 years at the approach that has been tended to be taken, perhaps reflecting on historical practice when it comes to redundancy arrangements and the like, we see that there certainly has been some recognition of the circumstances of longer serving employees and, to some extent, older employees in the weighting of redundancy payments that have been negotiated or determined as minimum standards.

But the picture we now have before us indicates that other positive strategies might complement those elements to assist bridging situations where people may have spent very long periods with a particular employer and suddenly been thrown into the labour market for the first time in a very long time. Some quite positive steps might be taken in a collaborative way between the direct employer and other organisations that could facilitate the transition rather than there being a tendency for people simply to be handed a redundancy package with which they go and have a break and suddenly come back and face the labour market.

CHAIR—So, in your view, it is something worth looking at. I presume that we can only look at it and see whether there is merit in it and whether it is workable. It is fair to say that we are not interested in imposing unnecessary burdens on business people. All of these businesses themselves are in trouble. But my very strong view is that there is scope for improving things here.

Mr Yates—Yes, I think that would also be our point of view.

Mr Stewart-Crompton—Perhaps I could just draw one matter to the attention of the committee in this regard. It may have already been brought out in submissions to you. The Workplace Relations Act contains a minimum prescription consistent with international obligations about the notification of what the act still refers to as the CES where there is a proposed redundancy of 15 or more employees. But the act does not spell out in great detail the sorts of matters the committee is dealing with in considering the best way to approach this in a decent way.

CHAIR—That is right. Ideally we would like to create an employment culture where as much effort is put into the dismissal and redundancy end of things as into employing people. You are very careful about how and who you employ; you ought to be just as careful about how you let those people go.

Bill Mansfield from the ACTU told us, with some concern, that the subsidy to employers to bring current employees up to AQF2 level had been removed or that something had happened which made it more difficult for employers to retrain their current work force or to increase their skill level. Whilst recognising that there had been some employer abuses of that, he felt, I think some with justification, that it was working against the interests of keeping your older workers in the work force. Is that something you can tell us about?

Mr Yates—It does not fall directly in our bailiwick. It is probably the responsibility of the Department of Education, Training and Youth Affairs. I do not know whether they are yet to appear before you.

CHAIR—That is fine. We will not waste any more time on that, then.

Dr EMERSON—Think about this problem in a notional discounted cashflow framework manner. I suspect that probably 20 years ago, or more recently, it was the case that people thought that young people coming into their firms potentially would have a fairly long duration of employment with them and that, therefore, it was worth making the effort to give them the on-the-job training that was involved. In relation to older people, an employer can have in the back of their mind that the retiring age is 55. If someone comes in at age 48 or

50, the employer does not get much of a return for any effort given to training the older person on the job.

Does that have the potential to change over time? With health improving over time, people may now be more likely to continue working or want to continue working longer. Therefore, if you put intensive on-the-job training effort into someone aged 47 or 48 you could get 15 years worth of return. The mobility of young people may actually be a lot higher now than it was 20 years ago, and you may only get three years return out of the investment because they go off to something different. Is there any research or thought going into that issue? In other words, to an extent, could this be self-correcting over time as people's perceptions of the duration of employment for older people vis-a-vis younger people change?

Mr Yates—I think we are seeing more generally a shift, and a necessary shift, towards lifelong learning practices. Given the nature of skills, particularly with the onset of the technology revolution, the life of certain skills is now a lot shorter than it used to be. So the idea that somehow you will get a return over 15 or 20 years from a particular training effort and, therefore, there is not much worth taking on a particularly older worker is becoming pretty redundant as a concept. Often training returns are achieved over much shorter time frames than that.

You have made the fair point that relative mobility experienced between younger workers and older workers is quite different in the first 10 or so years of people's working experience. There now is probably a much higher incidence of mobility, so employers have to make allowance for that in terms of the nature of the investment they make in training. Older workers tend to more stable. There is probably some mythology around about the relative value of investing in training and the returns that will come from it that is based on a more outdated picture about skills and learning and returns on training investments. I do not know whether Mr Neville would like to comment. We did address some aspects of this in our submissions on training issues. Did you want to mention anything, Ivan?

Mr Neville—Just a couple of things. Firstly, the information in Australia about the mobility of the labour force is a little scant. We have been able to determine from ABS figures that mobility overall in the labour force is quite high relative to other countries. But I think it is reasonable to say that non-economic factors influence the mobility of older workers. Clearly, they have family responsibilities, housing responsibilities and social networks in place and are less inclined to want to move, either within their own town or to another part of the state or country, than younger people. That is one issue.

In relation to training, there is some mixed evidence as to what the views of employers are. I would go back to the survey that the department commissioned, as mentioned by Mr Yates. We have had some conflicting responses in that survey as to what the attitudes of employers are towards the training of older people. In that survey, about 75 per cent of employers reported that they were more likely to employ an older worker if that person had undergone some appropriate training. But going against that was the fact that about half of the employers who took part in the survey also reported that they would be no more likely to employ an older worker if provided with financial incentives to train or retrain that person.

Mr Yates—Page 28 of our submission talks a bit about some of the research in this area. We are seeing some changes in employer training practices. ABS data is showing us that workers aged 45 to 54 are participating much more actively in formal education and training provided by employers and the self-financed; and it is even more so for the 55 to 64. I think to some extent—and we all are probably practising this ourselves—there is a catch-up going on, particularly with the IT revolution thrust, where it has just come on behind us. Things that our kids are picking up as a matter of course at school and in the early years of employment are ones that we are having to backfill on, if you like.

Quite clearly, employers are quite happy to invest in training and ongoing learning for their existing employees, and they are doing that. But when it comes to decisions about additional employees—that is, people they do not know so well—there seems to be this view that it is not as worth while or they may not get as good a response. So there seems to be this disjunction between the actual practice with the staff they know who are over 45 and whom they are quite happy to invest in and some possible negative views about the returns they may get on prospective employees of an older age. So we have tried to cover the research around that in our submission.

Dr EMERSON—I wrote to the department probably a little more than a month ago about an issue I have been pursuing or in which I am very interested, and that is volunteerism amongst mature age workers. The idea I am trying to develop is to have available to schools mature age workers who do have good literacy and numeracy skills to read to kids in Support a Reader programs in primary schools. We had advanced quite well with it to the point where Centrelink was happy to give points towards job search for that activity. But the Job Network providers in the local area in the end, after being very interested, said, ‘No, we won’t identify any potential workers for you because we can’t make any money out of it.’

When people talk of volunteerism and mutual obligation and all that, it seems to me a great pity—I am not blaming them; they have to make a living—that we have a structural impediment to doing something which Centrelink thinks would be a good idea and which the schools are very excited about but which the Job Network providers in the area just do not feel they are in a position of being able to help with.

Mr Pratt—I might try to address that. I will need to look at your correspondence and the details. As you have noted, the Job Network members are not funded to do this. They have been given a rather specific task to do for the government through their Job Network contracts. If we were to get them to do something extra, they would come to the government and say, ‘Look, give us some extra money for it.’

The Job Network providers are funded for quite a specific task in terms of getting people into employment rather than attempting to assist with a mutual obligation strategy. It is certainly possible that the government could decide that it would like them to be involved in programs of that sort. It is over and above what they do currently. As you know, we have just released the Job Network tenders for the next three years. Any change to the requirements of Job Network providers would have to be additional to that and would require some negotiation with the industry and then further funding. I would not rule it out as a possibility. It would be a big undertaking for the government to do that, however.

Dr EMERSON—It just seems to me to be a pity that there is no structure or institution anywhere within the system that could help with what seems to me to be a very valuable idea. Centrelink says it cannot do it because it does not have the capacity. Maybe it is better that Centrelink does it because it is more of that nature than for commercial Job Network providers, who say they do not have the capacity to do it either. Among mature age workers in particular this might become one of the more important ways of having some sort of engagement with the community that is productive—even if not directly in financial terms, certainly in terms of self-esteem and pouring something back into the community.

Mr Pratt—Yes. In addition to Centrelink and Job Network, other organisations are funded for other purposes for the government. It is conceivable that some of them might be able to undertake organisational activities like that.

Dr EMERSON—We have spoken to Volunteering Australia. It has said that it does not have any money and that it cannot do it.

Ms GILLARD—In your submission, you say that the Workplace Relations Act has facilitated the development in awards and agreements of a new set of options for mature age workers. You then go on to refer to the concept of being able to plan and better phase retirement. Are you aware of any awards and agreements that deal with phased retirement options?

Mr Yates—We would probably have to do a bit of a stocktake on that front to be able to respond to that. If we code the agreements appropriately—I will have to check on that—as to those sorts of options, we could probably provide an indication of the sorts of possibilities that are there. Certainly historically awards were not all that accommodating because of their very strong support for full-time employment for life, wherever practicable. We will try to interrogate our database and give you some advice on that.

CHAIR—I want to expand on Julia's point. Do you think there is scope in the Australian environment for phased retirement in that, once having reached a certain age, you could drop back to part-time work and access a bit of your super and stay in the work force? Are you doing any modelling or work in that area?

Mr Yates—We have been looking at the transition experience of people in this older group who move from full-time employment; there is a tendency to move into part-time work and, to some extent, casual work.

CHAIR—We do not really know whether that is by choice or force of circumstance.

Mr Yates—Yes, that is true. We have not done modelling work that looks at the interplay with superannuation, for example, as an income support mechanism for people who want that option. Obviously the ways in which the social security system interworks with the wage system is an important issue in those last years of employment. To some extent, there are already some provisions there.

But the important thing here is to get the balance right. I guess what we are hopeful of and will need increasingly in the years ahead is for people to be willing to work for life,

whatever that life might be. It may be well beyond 65, if that is open. Certainly the government is encouraging that through the pension bonus. That is the right sort of direction to head in. It seems that over the last 10 or 15 years in quite a few OECD countries, as a response to high unemployment, there has been the idea that we can ease out the older workers from the work force more quickly as a way of creating job openings for younger workers.

I think there needs to be a reassessment of that practice. Indeed, whatever its merits through that period of quite high unemployment, I think the environment we are now moving into really requires us to move away from those sorts of approaches to ones which facilitate and support people staying in the work force for as long as practicable. That includes some of these options for people to mix shorter hours with longer periods in the work force rather than getting to a certain age or point and saying it is a knife-edge situation where you leave it all behind and drop out of the work force altogether.

You have thrown up for consideration issues about superannuation. The extent to which you draw down on your superannuation will necessarily impact on the retirement income that your super can provide post retirement. But I think what you are saying is that, if people stay in the work force longer and are contributing to their superannuation fund for longer, there may be a happy sort of trade-off there.

Ms GILLARD—Evidence has been given before this committee that the sooner supports are brought in with large-scale redundancies, the better the outcomes in terms of putting people back into work. Mr Stewart-Crompton referred before to the current requirement in the Workplace Relations Act, as a result of our international obligations, for the notification of redundancies by people who employ more than 15 workers. If the government pursues the policy direction that is in the Workplace Relations Legislation Amendment (More Jobs Better Pay) Bill, will that obligation survive or not?

Mr Stewart-Crompton—As I recall, the government was not proposing to change that provision in the More Jobs Better Pay package. There has not been any suggestion of which I am aware that the government was proposing to take a different approach to meeting that obligation. That provision was first inserted in the 1993 reforms.

Ms GILLARD—So, because redundancy would remain as an allowable matter, that would survive?

Mr Stewart-Crompton—This draws from a different obligation because those provisions themselves are based on the external affairs power and its implementation in part of the ILO convention on termination of employment.

Ms GILLARD—It has been a long time since I have had cause to look at some of those conventions. Is there a possibility that we could impose greater obligations under that convention, depending on its terms, than just the notification?

Mr Stewart-Crompton—It is only open to the Commonwealth parliament to go as far as the boundaries of the particular treaty that is being implemented would provide. The provision that exists at the moment is one way of meeting a particular requirement of the

international convention. I suppose it would be fair to say that it is open to the parliament to look at other ways of implementing the particular provision. But that provision in the act seems to have been pretty robust thus far in terms of the approach taken by successive governments.

Mr WILKIE—We have had a lot of evidence from different Job Network providers that there needs to be money made available for employment subsidies and training. Although a lot of that money was cashed out in the first round and supposedly made part of the tender process, providers are saying that there is just not enough money there to providing the training or the subsidies but that they are needed. In the evaluation of the Job Network for the new round, I wonder whether the department compared any placement figures of agencies that used employment subsidies and provided training against those that did not, even after having put a lot of that in their business plans. I wonder whether those plans were re-evaluated and, if so, what the outcome was.

Mr Pratt—Yes, we did. We looked very closely at the sorts of strategies that organisations were proposing. One of the key outcomes of the tender process has been that we have selected the better performing organisations to continue into the next tender. If you look at the outcome rates for the intensive assistance providers between the current market average and those providers who have been selected for the second period, you will see that they are considerably higher simply because performance was such a substantial element of the assessment process. In fact, it had a weighting of around 55 per cent of the selection process.

Mr WILKIE—That was on outcomes?

Mr Pratt—It was on past performance.

Mr WILKIE—How did you measure performance?

Mr Pratt—In terms of their ability to place people in jobs and the extent to which people were off income support at certain periods after they had been placed in jobs. We looked at the mix of clients that organisations assisted; in other words, we were very keen to ensure that those organisations which had better records of looking after the more disadvantaged job seekers got preference.

In terms of whether there is enough money, particularly in relation to mature age job seekers, the fee structure for intensive assistance, which is their main program of use, is weighted quite heavily to providing assistance to the mature age job seekers. They have a tendency to be found in the higher funding levels for intensive assistance. This means that the amount of money available for them is between \$7,000 and \$9,000 if they get an outcome. That is under the current arrangements.

One of the important changes between the first tender and the second tender was that we enabled intensive assistance providers to set their own prices for intensive assistance. If they wanted to focus on the more disadvantaged job seekers, they could bid for even higher prices for intensive assistance. Quite a number have done that.

Mr WILKIE—One of the areas that has been raised in the past, not in this inquiry but in other areas, is the way the money is paid for the most disadvantaged group. I think it is 30 per cent up-front, then another 30 per cent and the balance on payment. Providers are saying it costs them a lot of money to get those people placed but that they do not get the money until the end and therefore they are having to risk a lot of money with no guarantee of an outcome. They say that they would probably have far greater outcomes if they had more money up-front so that they could use it to work with the people they need to deal with most. What would your comment be to that?

Mr Pratt—It is very much an incentive based system. The amount of money they are getting up-front—30 per cent—is not insubstantial for a job seeker who is one of the more difficult; under the current arrangements, they get up around \$3,000 when they sign that person on. They have considerable incentive to get them into employment, given that the outcome payment is much greater than that. A number of organisations have worked out that one thing they can do is go to employers and say, ‘If you take this person on, I’m prepared to give you a wage subsidy of a certain period to offset some of the costs of employing someone who may need retraining on the job,’ or something of that sort. Some of them make use of that facility.

I would argue that the early results from Job Network suggest that many organisations are doing pretty well at getting people into jobs and getting the outcome payments, particularly for mature age job seekers. Their representation in the Centrelink registers, as Mr Yates mentioned, is about 20 per cent. Currently they are getting 24 per cent of all outcomes for intensive assistance clients. They are doing well under this program. The selection processes identify their disadvantages very effectively so that they get selection for intensive assistance at a much greater rate than other job seekers. It is at about double the rate, in fact. Seventy per cent of mature age job seekers who are assessed for intensive assistance are assessed as eligible. Therefore, they are referred into intensive assistance. As I mentioned before, they have higher funding rates. That means that there is a greater incentive for Job Network providers to place them, and the outcome rates are looking pretty good. They have a quarter of the outcomes already.

One final point I would make is that this is early days. Many of the mature age job seekers, because they are considered to be more difficult, are eligible for longer periods of assistance than other job seekers; it is up to two years. That means that many of them, even though they are getting good outcomes, are still receiving assistance.

Mr WILKIE—I suppose that gets back to the point of performance. Did you find that those providing subsidies and training had better performance outcomes than the others?

Mr Pratt—I would have to comment anecdotally because we did not do a direct comparison between the services they provided. Job Network services are based around our not peering too much into the black box and directing organisations to the sorts of assistance they should provide. Mainly this is because we are not the experts; they are the experts. The whole system is based on letting the Job Network members and their clients determine the best form of assistance. The better organisations, the ones which have been more prepared to invest in their clients, I believe, are the ones who have performed the best. They have been the ones we have selected for the second Job Network tender round.

Mr SAWFORD—I thank whoever was responsible for putting the submission forward. There is plenty of meat in it. It has contributed very positively to our inquiry. Just in terms of statistical information, particularly about mature age unemployed, it seems to me that particularly in the last 10 years a lot of it is compromised. I say that in the sense that a lot of people have given up on the labour market and they are very difficult to identify. Would you care to comment?

Mr Yates—The participation rate for mature age women has grown quite substantially, whilst it basically has been stable over the last decade for mature age males.

Mr SAWFORD—No, you are not listening to what I am saying. The unemployment figures identify people who are unemployed only if they register, and there are many people who are now not registering. In fact, it has been suggested that there are 600,000-odd unemployed, another 600,000-odd underemployed and another 600,000-odd not even registered as being unemployed, just out of the labour market altogether. In terms of the figures we are using, sometimes the wrong conclusions are drawn.

Mr Yates—I would respond to that point by saying that, if that were the case, the participation rate of older workers would be dropping significantly. Perhaps they would be becoming discouraged workers, in your terms, but they would be moving into the ‘not in the labour force’ category. That would be reflected in a much lower participation rate by older workers in the work force, as measured by the ABS.

I think it is fair to say that, particularly for those aged 55-plus, there has been a lower participation rate. Some of that is early retirement, some of it may be the sort of discouragement effect; that is, people who would probably like to stay on but who have decided that the prospects are so poor they will drop out of the work force and do other things. We could probably provide you with our assessment of the usefulness of the various measures of hidden unemployment, which are thrown around a bit.

There is no direct measure of hidden unemployment by the Australian Bureau of Statistics. We have tried to unpack the numbers to get a better sense of those who you could reasonably describe as discouraged workers; that is, those who would really like to work and would be prepared and ready to go into a job were it to be available to them but who have made a judgment that the prospects are not strong enough. We could supplement our submission particularly on that point, if that would assist you.

Mr SAWFORD—Perhaps women are more prepared to accept lower hours than they desire. We do not seem to have much information on that either.

Mr Yates—It may be partly because of the nature of the jobs that are available. A lot of jobs are now part-time jobs. Older males, who have been used to working full time all their lives, may see those jobs as not something they particularly want to take up, or perhaps those jobs are in industries where they are not as readily translatable. But let us see what we can assist you with in coming back on that issue.

Mr SAWFORD—With the information you have provided about the international experience, one issue has been ignored totally; you correctly reflect the OECD, because they

ignore it as well. That issue is hours per week, or the time debate. Probably the only person in Europe who is pushing it is Patricia Hewitt from the London Institute. Other than her, no-one is pushing it. What is your response to that?

Mr Yates—I am sorry?

Mr SAWFORD—I do not mean in the simplistic way the French are addressing it.

Mr Yates—You mean reducing hours as a way of creating higher employment?

Mr SAWFORD—Yes.

Mr Yates—In a fundamental sense, we have been reducing our average hours through greater trends towards part-time employment. Look at the nature of jobs that have been evolving over the last 25 years in particular. If you have a concept of a fixed amount of work, it is being distributed across a wider range of people. A quarter of the work force is working part time rather than half as many are working full time.

The issue of changing hours to redistribute work is a fairly complex issue. There are simplistic models. We saw some ideas in the early 1980s in Australia about moving to a lower standard week as a way of creating new jobs. But people were not necessarily prepared to trade off lower pay for lower hours; they wanted the same pay for the old hours. That would mean a significant increase in hourly rates of pay. If that were to happen, it would affect employers' preparedness to employ. We could look a little more at that.

On balance, the OECD have looked at some of those initiatives and ideas. Their most recent publication, the *Economic Outlook*, did a stocktake of various initiatives that various countries were trying out, including ideas about redistributing work. By and large, they did not see a lot of merit in them. Typically, people were not prepared to make the trade-off of income for lower hours; they wanted the same income for the same hours. A lot of people do not want to work shorter hours for lower income.

Mr SAWFORD—Sometimes they do want to work shorter hours but not at the expense of future security.

Mr Yates—That might be part of it, yes. Indeed, it has been unfortunate that historically a lot of the part-time opportunities which have evolved in Australia have been casual rather than of a regular or permanent part-time nature. That has started to change over the last few years, partly because regular part-time provisions are now becoming more commonplace in awards and agreements. I think that is a healthy development. It means that people are not trading off permanence, if you like, for a more precarious situation with lower hours.

There is some mythology here too. The average duration of the casual job in Australia—the so-called 'casual' job—is over three years. We tend to think of casual jobs as temporary, short-term and specific.

Mr SAWFORD—My question really is directed to people who are in full-time employment. Over the last 20 years, for the first time in 200 years, if you graph full-time

employment in terms of hours per week, the graph from 1850 has gone all the way down to 1979. Then in 1979, the graph turns around and starts going upwards. It has been going upwards for the last 20 years.

Mr Yates—In terms of average hours worked by full-timers?

Mr SAWFORD—Full-time employment.

Mr Yates—Yes, it is true that there has been a trend towards longer hours. It seems to be primarily accounted for by certain occupational groups, particularly the upper white-collars and managerials.

Mr SAWFORD—The point I am really getting at is that there appears to be within the OECD experience, and within Australia in various studies by institutes of labour, a total unwillingness to include that as part of the unemployment debate. That is really the issue. There has certainly been an unwillingness under both governments over the last 10 years to debate it with your department. I just want your response to that. I think it is a valid part. I agree with you: it is not simplistic, it is not simple; it is complex.

Mr Yates—In the sense that, if we had not seen that growth in average hours worked by the work force, particularly by certain groups, there might have been more job opportunities than otherwise?

Mr SAWFORD—One academic in Adelaide, I think at the University of South Australia, put up an argument several years ago that there were 20 to 25 million hours of paid and unpaid overtime worked in Australia; that, if that were simplistically redistributed, there would be no unemployment problem. He was not putting the argument as simply as that. But he was saying that, out of the 700,000 unemployed, there was the potential for at least 100,000 or maybe 150,000 real jobs, the uptake of which would not affect productivity or whatever. That could have been done simply.

CHAIR—This is a very important point, obviously. I think Hugh Mackay and others have said, 'Look, there's about half a million jobs actually buried in overtime and stuff like that that's being done.' It is extremely hard. Governments, by necessity, would have to be prescriptive with employers, which would have other immediate economic consequences. But are there things that perhaps we can do? Having been an employer myself, I found it much easier to have one employee work a 75-hour week than to have two of them share the job; you have all sorts of extra hassles employing an extra person. Are there things that we can do to perhaps make it easier for employers to say, 'Well, I actually have more work that needs to be done; I'll employ another person instead of getting Mr Sawford to do an extra two or three hours a day'?

Mr Yates—I do not know that you can be prescriptive about it. We have certainly seen through the 1990s some greater scope for people to negotiate around working patterns than has been available in the past. To the extent that we can unpack and analyse where a lot of that growth in average hours is occurring, it is occurring in occupations that are not working overtime; they have annual salaries and are particularly at the professional end, such as

management. When you ask them whether they want to work shorter hours, they say no. We can make a comment about the sanity of that.

But irrespective of whether the work being done beyond standard hours could be somehow packaged up and created into new jobs, the fact is that employers, to the extent they are paying for it, are paying for it in the annual salaries of those people. Whether it could be split differently and whether the relevant skills would be available in the unemployment pool to fill those potential vacancies that are hidden away in those hours I think is problematic.

Mr SAWFORD—It is interesting that either last week or the week before *Business Review Weekly* had an article on the hours issue. It was the first time I had ever seen it in that particular magazine.

Mr Wilkie asked you some questions about the two standard solutions we are given on this inquiry: training and wage incentives. You have covered them in your submission in terms of their pluses and minuses. But, with mature age unemployment, or unemployment generally, it seems to me that we are dancing on the margin or dancing in the dark or the half-light, basically. People who have made a significant change to unemployment or conditions of work have used the trinity of time, money and productivity. We do not seem to address those three issues in dealing with unemployment. I will give two simple examples.

In the 1920s, when we had a similar sort of problem, Henry Ford decided to pay double the wages for the same amount of hours worked. He doubled the amount of money he paid in order for his work force to produce, and his productivity went through the roof. At the same time, Mr Kellogg, of Kelloggs cornflakes, had his people working 12 hours a day. He went out and halved their hours while paying them the same amount of money, and his productivity went through the roof.

It just seems that those two people identified the three crucial issues in dealing with real solutions for unemployment. They identified that basically you have to deal with those three things: time, money, productivity. It seems that the debate on unemployment—whether it be mature age, youth or anything else—does not seriously tackle those issues.

Mr Yates—I would have thought that one of the most fundamental improvements in the level of economic understanding over the last 20 years is that there are important linkages between the number of jobs that the economy can generate, the amount of money that we pay for them and the productiveness of the work force. Personally, I have been central to that debate and policy development over that period. As part of the time issue, there has been the evolution in Australia of a much more diverse range of working patterns than we ever used to have in the stereotypical standard working week. So, whilst perhaps not as explicit in the public debate about these issues, certainly in practice—

Mr SAWFORD—But hasn't the diversity in the variety of hours meant lower income and fewer working conditions? In other words, people who are working full time are working longer and harder and getting remunerated at a higher level, but the diversity is not benefiting all people. You can argue that, but it does not benefit people. People are not doing it because it is what they desire to do.

Mr Yates—Three-quarters of the people working part time say that they like the hours. There is obviously a quarter who would like to work longer—not necessarily full time but longer. We are satisfying a very substantial body of employee preferences. Those preferences are relevant to balancing their work, their personal life and their family responsibility requirements. That has been quite fundamental to supporting the participation of women, and married women in particular, into the work force. We are not necessarily saying that we have the optimum mix. However, we are certainly accommodating a much wider range of preferences and, indeed, economic needs on the employer side in terms of shifts and part-time situations.

Mr SAWFORD—I will stop you there. You are not addressing the issue that I want you to. I have a question which relates to Employment National. In this morning's *Australian* there is an article headed 'Long-term jobless funding milked, says ACOSS'. It states:

Employment National used millions of dollars of government funds earmarked for the long-term unemployed as a milk cow for other areas of its operations, Australian Council of Social Service president Michael Raper claimed yesterday.

... ..
Employment National's ability to fulfil apprenticeship contracts awarded last week was now also in doubt . . .

... ..
. . . Employment National recorded an \$82 million operating surplus last financial year

... ..
"Employment National was sitting on that \$1600 upfront fee, spending very little . . . and using the cash flow it provided to concentrate on their other business, Job Matching," . . .

Job Matching is designed to find jobs for the less-vulnerable short-term unemployed.

Then there is what I think is a quote from the finance minister, John Fahey, who has appointed an 'expert recovery team' from accountancy firm KPMG. Would you like to respond?

CHAIR—Before you do, I would just add that a lot of mature age workers have told us of experiences they have had with the Network. They have said that they feel it focuses on employers and not the needs of employees. One could argue that that actually serves their interests. But they have also said that they feel as though they are just parked. They have contact with a Network provider and then hear nothing at all for months.

Mr WILKIE—Probably following on from that, we even had one provider say that, when the first round went out, the department pulled \$1 billion out of programs which never went back into the new contract. Therefore, they saved \$1 billion which never went back into providing services for the long-term unemployed.

Mr Pratt—Which of those three would you like me to deal with first?

CHAIR—Perhaps the first one. I realise that, if any of the providers are not doing what they are supposed to be doing, it is not necessarily directly your responsibility. But we would like you to respond to those things.

Mr Pratt—Certainly. I do not want to discuss Employment National's circumstances. It is an organisation which reports directly to a board. It is owned by the government but not run by the government. That is a clear line that ministers responsible have made.

Responding to these allegations, Employment National has been relatively unsuccessful in the intensive assistance area of Job Network. Largely that has been as a result of its performance. Basically, the government said that the Job Network market is about getting people into jobs; that we would reward those organisations which were successful in doing that, and those which were not successful would lose business share. Clearly that has happened in this case, as it also has happened with other organisations.

Looking at the positive side, the bulk of the contracts for Job Network for the next three-year period has gone to organisations which have been very successful—the ones which are getting good outcome rates for job seekers and which will drive further performance for the market in the future. Other than that, I think we need to wait and see what comes out of the board's analysis of its own performance and how it reports to government. I would make the point that Employment National reports to the Minister for Finance and not to the minister for employment.

I think there are a number of ways that I can address the allegations about parking. Firstly, particularly in relation to mature age job seekers—

CHAIR—By the way, this has not been an isolated comment. Of course, it has not come from every witness, but a lot of people have had these experiences. That does not necessarily mean it is a uniform practice, but there does seem to be a bit of a problem.

Mr Pratt—Let me address the allegations of parking in a number of ways. Suppose that we find an organisation is parking job seekers. We run a very robust complaints process to monitor how organisations are dealing with their clients and we publicise that considerably. We get an awful lot of response from job seekers if they are unhappy with the service they are getting, and we follow it up with the providers who generally are very happy to try and turn around their performance with that job seeker.

The outcomes suggest that parking is not as prevalent as some people perceive it to be. We are getting very good outcomes from the intensive assistance service. As I have said now a couple of times—and I will not bore you by going through it again—those organisations which are parking people are less likely to be getting outcomes for them and therefore they are less likely to get selected for the next contract period. Therefore, those organisations which do not park people are the more successful, et cetera.

Mr WILKIE—Although it is a two-edged sword, isn't it? Often what happens is that people will park a certain group that is the hardest to deal with in order to get the outcomes for the ones who are the easiest to place, therefore maximising their profit.

Mr Pratt—That would work if our assessment processes were very simplistic. But, as I have mentioned, our analyses of the performance of organisations include examination of their caseloads to discover the extent to which they help the more disadvantaged job seekers, and considerable weighting is given to that very fact. In other words, that is done to stop

creaming and enables us to pick those who are better at assisting the more disadvantaged. Keep in mind that those job seekers who are being assisted through the intensive assistance service are the more disadvantaged job seekers—all of them; none of them are easy to place.

Mr WILKIE—There are categories, aren't there?

Mr Pratt—That is right. Mature age job seekers are more represented in the higher categories. Those levels would be, one would think, the ones where organisations would be tempted to park them. They are getting a quarter of all of the outcomes which are happening under intensive assistance. That suggests to me that the allegations of parking are perhaps not true; it must happen sometimes, but it is not as widespread as people perceive.

CHAIR—To counter that, we also have come across people who have gone to extraordinary lengths to try to find people work—and I mean above and beyond the call of duty.

Mr Pratt—One thing which did surprise us in our analysis of the outcomes of various organisations was that we expected those organisations which had a particular interest in the more disadvantaged job seekers to have lower outcomes simply because of that being a harder client group. We found, in fact, that their outcomes are often amongst the best.

In terms of parking, there is another thing that we have done. Rather than just relying on market forces to get rid of the poorer performers and advance the interests of the better performers, for the next contract period we have made it a requirement of organisations that they give us very detailed plans for their intentions with job seekers over the contract period. In future they will also be required to develop with their job seekers what is known as an intensive assistance support plan, which is reported to the government, to tell us what they intend to do with that individual job seeker. So we will be able to monitor the extent of service that they are providing those job seekers.

Mr WILKIE—But how accountable are they to that? I remember our looking originally at the business plans that organisations put in. We were told that, because those business plans were commercial-in-confidence, they were not being held accountable to them; they were only being measured on their outcomes.

Mr Pratt—They are certainly not commercial-in-confidence to the contract managers of the department. These services are built into their contracts; they must provide them. If they do not, they are in breach of their contract and there are a range of sanctions which apply.

CHAIR—We have had a lot of submissions that refer in some way to NEIS. One of the comments that has come through fairly constantly is that you go into the NEIS program, you struggle to get this little business going and then it is very hard to promote it and so on. We have a *Yellow Pages* directory and, if you and I were trying to find a hairdresser or plumber, we can go to that. Is there any scope for the government to assist NEIS established businesses, perhaps in their first year of existence, to promote themselves? Perhaps there could be a directory that people running a NEIS supported business could choose to go into. They could be indicated, for example, in the *Yellow Pages*, or perhaps the government could publish a directory. Then, if I wanted to support someone in my area who through the NEIS

program has a dog washing or chocolate making business or whatever, I would know how to find them. For a start, do you do anything like that? Secondly, do you think there is any merit in that sort of idea?

Mr Judge—That is a very interesting idea. I have heard that from time to time some NEIS providers have acted as a sponsor or assisted in coordinating the production of directories and guides of the NEIS participants they have assisted through the program; they have assisted them in networking among themselves and in promoting their products. Also I should mention the small business training which these participants undergo before they start their business. It is a certificate in small business management, an accredited course. Part of that course is in marketing where they are given training in how to sell their goods and services.

As for the government's role in this, my initial view would be that most of these products are delivered locally and that that kind of directory would be of most benefit at a local level for local markets. Most of these businesses start off micro, very small, and some of them grow to be quite large and even export. But initially, in the first year that they are within the program, their markets are quite local. So I would say that it is more an idea that NEIS providers could examine.

Mr Pratt—That proposal is quite an interesting one. It seems pretty sensible.

CHAIR—There is a reservoir of goodwill. I buy flowers all the time as part of my job. It would be nice to know and support somebody who is running a business after having gone through a NEIS program.

Mr Pratt—We might take this suggestion up with the NEIS managing agents association and see what is possible.

CHAIR—I am suggesting this perhaps for the first year, which is probably the most difficult year for a lot of them. After that, they are on their own.

Mr Yates—I have just one thought. They say that the road to hell is littered with good intentions. If we were to make marketing an element with these organisations, perhaps people like you and me would be attracted to giving a leg up to such new businesses. But many customers tend to screen their choice of businesses by considering which has the longest reputation and will be around and give return service, and those sorts of things. It could inadvertently work to signal, 'I'm a very new business, I'm new around here and I might not be here next year.' So I think we just need to balance out those sorts of things.

CHAIR—Of course, and there are some people whom you would recommend and they would say, 'Look, actually I don't want to be identified in this way.' Of course, there is also the other sensitivity that Mr Bastian put to us. If you have struggled and taken out a second mortgage on your house to get a business going, you are not going to be impressed when you find that there is a guy down the road who basically has benefited from your taxes to get the same sort of thing going. So we have a trade-off there. But there seems to be potential to help promote them in simple ways and to tap into a vein of goodwill that I think generally does exist in the community to help them.

Mr WILKIE—NEIS is an excellent program. It is a program that I think has come from Working Nation and has gone on into this new round. I would like to see it expanded, particularly for the mature aged, and I hope that the department will be looking at expanding it in the future.

When Centrelink gave evidence, I asked a question about people who had reached the end of their time on intensive assistance. People may have had a period of 12 months with an extension to 18 months, or 18 months with an extension to 24 months. But how many people are you finding are getting to the end of that period without a job, and what is happening to them?

Mr Pratt—A number of things are happening to them. As part of our monitoring of the Job Network services, we do what is called a post program monitoring survey of people three months after their assistance ends. While the data is early because of the length of time that the service has been operating, intensive assistance particularly, it is showing that nearly 40 per cent of job seekers are in employment or further education and training three months after they finish their assistance. That includes those who go through to the end of their period.

Mr WILKIE—I suppose I am looking for those who have not been placed at all—those who have not had any outcomes over that 18 months or two years. I would like to know how many of them there are, and what they are being offered. Maybe you cannot answer that in total now, but I would like to get an answer to that.

Mr Pratt—We do not have any quantitative data on that at this stage basically because it is too early. But I would say that some job seekers, depending on location, may be reassessed by Centrelink and referred again into intensive assistance.

Mr WILKIE—But isn't there a minimum three-month wait before they can be re-referred?

Mr Pratt—It depends on the location—whether there are job seekers in front of them who have not yet had a go. However, we will have a look at that and see what we can find and get back to you.

CHAIR—Are you familiar with Mr Brandon Charlesworth and the Grey Army?

Mr Pratt—I know of Mr Charlesworth.

CHAIR—Mr Charlesworth made a submission to us and has been fairly persistent in promoting the virtues of his initiative. Do you have any concerns about it? Do you think it is a good idea?

Mr Pratt—The initiative of which I am aware is that of mature age tradespeople getting some refresher training and assistance with setting up their own businesses. In principle, that sounds like a good idea. I do not have any in principle concerns with it. Schemes of that sort can be highly useful for those involved. It depends to a great extent, though, on how they go

in terms of dealing with the various recognition authorities for their trade skills across the country.

CHAIR—That seems to be the key point. He is suggesting that the workers are over the age of 45—amongst my colleagues I have found that not all of them over the age of 45 are grey, but there may be other reasons for that. Mr Charlesworth has this Grey Army concept, with the people intending to do domestic chores with a skill level that is not necessarily that of a fully qualified tradesperson. I do not think he is thinking of the full AQF achievement. I have said to him, ‘Look, if I wanted to tile my bathroom, I’d have a go at it and I probably wouldn’t do it very well. I could get somebody to come in who knows how to do it but who may not necessarily have formal qualifications.’ I think that is what he is thinking of.

Mr Pratt—On a prima facie basis, the issues which would leap up to me in looking at such a scheme would be the arrangements for workers compensation insurance and any traps that might exist in those areas for these people. As I understand it, they would operate as self-employed businesses. Anecdotally, it appears that the labour market is changing in the sense that, more and more, people are willing to pay for services of that sort.

CHAIR—Domestic services.

Mr Pratt—Yes. That suggests to me that there is some potential for employment in that area.

CHAIR—Perhaps you could have a look at the Grey Army concept and what is being proposed and promoted. We would appreciate your giving us your assessment of that. Like you, intuitively I am quite attracted to the idea. But we have not had a cool, clear analysis and there is probably no-one better to do that than the department.

Mr Pratt—Yes.

CHAIR—Thank you for everything you are doing. Thank you for coming and talking to us. We appreciate it very much. If you are following the *Hansard* and you see things being said or promoted that you think are inaccurate, please let us know. If you think we are going off the beam in some area, please do not hesitate to drop us a line to that effect.

Resolved (on motion by **Mr Wilkie**):

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

Committee adjourned at 11.03 a.m.