



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**

WEDNESDAY, 9 FEBRUARY 2000

NEWCASTLE

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

## **INTERNET**

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

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

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



**HOUSE OF REPRESENTATIVES**

**STANDING COMMITTEE ON EMPLOYMENT, EDUCATION AND WORKPLACE RELATIONS**

**Wednesday, 9 February 2000**

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

**Members in attendance:** Ms Gillard, Dr Nelson 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

<b>ANDREWS, Mrs Iris, President, Newcastle Branch, Union of Australian Women.....</b>	<b>937</b>
<b>BARTON, Mrs Valda Helen, Coordinator, Lake Macquarie Neighbourhood Information Centre Inc. ....</b>	<b>928</b>
<b>BELL, Ms Carol Diane, Coordinator, Edgeworth Memorial Neighbourhood Centre Inc; and Representative, Lake Macquarie Neighbourhood Information Centre Inc. ....</b>	<b>928</b>
<b>BOURKE, Ms Lyn, Business Manager, Employment, Disabilities, Youth and Indigenous Services, Centrelink, Newcastle.....</b>	<b>949</b>
<b>CAMBOURN, Mr Jack, Secretary, Working Nation Cooperative Ltd.....</b>	<b>923</b>
<b>DENNISS, Mr Richard, Research Associate, Centre of Full Employment and Equity, University of Newcastle .....</b>	<b>941</b>
<b>JOHNSON, Ms Debra, Business Development Manager/BHP Project Manager, Centrelink, Newcastle .....</b>	<b>949</b>
<b>MAHER, Mr Kevin Joseph, New South Wales State President, and Secretary of the Newcastle, Central Coast and Northern Regions Branch, Australian Workers Union.....</b>	<b>956</b>
<b>MAWDSLEY, Mrs Betty Elaine, Secretary, Newcastle Branch, Union of Australian Women.....</b>	<b>937</b>
<b>MORTLOCK, Mr Bob, Chairman, Working Nation Cooperative Ltd.....</b>	<b>923</b>
<b>NICHOLS, Mr Denis, State Organiser, Australian Manufacturing Workers Union.....</b>	<b>963</b>
<b>SCHELL, Mr Anthony John, Area Manager, Area Hunter, Centrelink, Newcastle .....</b>	<b>949</b>
<b>SHEVELS, Mr Ces, Community Representative, Newcastle City Council .....</b>	<b>933</b>
<b>TALTY, Ms Kay, Human Services Manager, Newcastle City Council .....</b>	<b>933</b>
<b>WATTS, Dr Martin, Deputy Director, Centre of Full Employment and Equity, University of Newcastle .....</b>	<b>941</b>



**Committee met at 9.10 a.m.****CAMBOURN, Mr Jack, Secretary, Working Nation Cooperative Ltd****MORTLOCK, Mr Bob, Chairman, Working Nation Cooperative Ltd**

**CHAIR**—Welcome. I declare open this public hearing of the inquiry into mature age workers. 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 the parliament. The committee prefers that all evidence be given in public but, if at any stage there is something that you want to say to us in private or confidentially, indicate to us that that is the case, and we will certainly consider agreeing to that. You could perhaps start by giving us an overview of your submission, highlighting the things that you think are most important, and then we can discuss those.

**Mr Mortlock**—Thank you, Mr Chairman. I understand we have a few minutes to present the information which we would like to pass on to you. We would both like to participate in that. For the next two or three minutes I will give you a brief run-down of how Working Nation Cooperative was formed in the mid-1990s and try to squeeze in what has happened in a rather hectic three years since then.

The cooperative was formed initially to try and take advantage of any work opportunity or new industry which might suit what is a reasonably deprived area on the Central Coast of New South Wales. In the northern end of Wyong Shire particularly, many mature age people have lost their jobs because of the winding down of power stations and coalmines over the past few years. For this reason, we saw that there was a necessity to try and do something to help these people back into the work force. At the same time, we were looking for industries that might not already exist on the Central Coast that might provide employment if we could find funding or people to set up such industries. An example of this was aquaculture – fish farming.

We were fortunate – and I think this is one point that should be stressed – to be asked by a now retired federal member of parliament, Peter Morris, to come into a group. He was endeavouring to try to do something to assist those in the southern end of his electorate who he knew were in dire straits from an employment point of view. So we joined forces with Peter, who found us some small premises owned by a local RSL club and was also instrumental in obtaining a very small amount of funding of \$16,000, which was provided by the current federal government. Both sides of the parliament were instrumental in setting us up.

It took probably another two years to do so. The \$16,000 was given to us on the basis that we did not come back for more. We set out to find ways of, firstly, injecting funding into the co-operative so we could continue. This was done by running computer-training classes and trying to attract people from the northern end of Wyong Shire into them. That has been most successful. The major part of that money goes as salaries to the tutors; a percentage of it goes into a fund for administrative costs for the centre.

We also formed a construction group. At the present time this is a group of fellows who have been with us since day one who actually built most of the premises from some derelict sheds that we were able to get from the local power stations and power coal people. The centre now is an attractive area – with gardens – where, through the year, hundreds of people come through the computer classes. The outside group has reached a stage where they are capable of carrying out many small jobs, mainly connected with the building industry or home handyman type work. So that is how we were formed.

The thing is a success. The point that should be stressed, I think, is that it is probably different; it is not funded by anyone. It has similarities to a NEIS type program without funding. The outcomes are that we have been able to place some people in jobs. We have been able to obtain licences for some people so that they can become independent in their own right and, at this stage of the game, we have reached a stage where, in the year 2000, we hope the outside construction group will move from their unemployment benefit, which they have been on, to a small wage and hopefully expand on that until they earn what could be considered a reasonable wage at this point of time. So I will finish there and I will pass over to Jack who I know has a few things he would like to say in the short space of time that we have been allotted. Thank you.

**Mr Cambourn**—Yes. To complement what Bob has said to you this morning, I would like to just use what time I have to describe the model that we have established with this cooperative. The intent is to provide training opportunities for people who are out of work so as to improve their chances of getting back into the work force. The way that is done is that we have, as Bob has said, two separate operations: one is the computer classes, which have proved extremely popular, and they have grown from a handful to the point where recently, when we had our enrolments for the current term, we had 200 people come up to enrol, and there are still others straggling in who are wanting to do the computer classes. We employ five trainers in this area. We insist on a small sized class – no more than 10, preferably around about eight – so that we can give that close, personal attention.

As I say, they are proving very popular because, in the district, of all the training that goes on in this area, we charge the minimum fee. We do not charge up-front fees; people just pay when they come along. But it is

sufficient to allow us to operate with a margin. So that is, as I say, proving very popular. The composition of the classes is mainly mature aged, although there is a mix. We find that we have had to institute night classes, which we have not had until recently, and we are getting people who are in work who are seeking to improve their position by coming along and getting some training in the various aspects of computers.

924

As to the outside work, the experience there is, as Bob has explained, that people whom we have who want to learn the skills that fit in with the local needs of the labour market come along, they are paid a sustenance by the cooperative which complements their unemployment relief payments, and they come in and get that training. Then, as Bob has indicated also, they go off, of course, in search of employment. The point that I wanted to say this morning is – and it is set out in that small document that I handed in this morning – that we find that discrimination against people on the basis of their age is a real problem.

Unfortunately, the attitude of most employers is endemic in the sense that this discrimination against people on the basis of their age has been around for a long time. But in this present climate it is even more endemic – if it could be – in the sense that people are not being taken on, merely because they are considered by their prospective employer to be too old.

In the proposition that you have in front of you, we are asking that the committee look closely at intervening in this matter and, if possible, recommend to either the minister or the government that this matter be taken up and seen to along with all the other anti-discrimination regulations that we already have in the statute books by way of policy in matters such as religion, creed, colour, sex and so on. That is where it fits in because it is a major problem.

We can regale you with many experiences where people are turned away, not because they have not got the qualifications, not because they have not got the ability, not because they breach any of the criteria that the employer is looking for, but merely because of the fact that they are aged. When I say aged, in some cases, if you are over 40, you are considered to be too old for the job.

One could, of course, suggest that we appeal to the better nature of the individual employer, but that has been done. Today the question of self-regulation in this area is not practicable. If you want to do something seriously about this question of discrimination based on age, it will require some sort of regulation because it is endemic and it is well and truly entrenched in the minds of a lot of employers. Perhaps we have said enough to promote a bit of discussion.

**CHAIR**—You have hit on some key things that have run through the whole inquiry. When Mr Mark Paterson, Chief Executive of the Australian Chamber of Commerce and Industry, came to see us, he denied that there was any discrimination by employers against prospective older employees, unlike the Business Council of Australia and the Coalition of Small Business Organisations. You said that you could give us a lot of examples of people being discriminated against on the basis of their age. Time is probably a bit short for us to do that now, but when you go back to your office, amidst all the things that you are trying to do to help these people, could you put a few thoughts together and send it to us – examples of people facing that sort of discrimination?

**Mr Cambourn**—Certainly. Have you got time to listen to one quickly here?

**CHAIR**—Yes, fire away.

**Mr Cambourn**—We had a chap who had been paid off from Telstra at 54 years of age. He fitted in somewhere in middle management in Telstra. He had been out of useful work for something like eight or nine months, and he came to us because he just wanted to get back into the work force. Of course, there was no opportunity for him to go back to his previous employer. He wanted something and was prepared to take anything. A job came in one day for a cleaner – a contract cleaner wanted a person. I said to him, ‘We’ll send you out there, but this fellow will probably tell you that he doesn’t want to employ you because you are too old, because we have had some dealings with this contractor before. But I happen to know that he has been urgently chasing somebody to come and work for him for the last two or three weeks. He has not been able to get anybody, and he has been in touch with us and indicated that it is an urgent matter for him to get somebody. You might just happen to strike him on the right day and get the job.’

Anyway, he came back to see us after he had been out and spoken to this employer. When he saw him the employer said, ‘You don’t fit in with our ideas about age, but I will give you a start.’ This is first thing in the morning. He said, ‘We’ll take you around and show you what we need you to do.’ The fellow was taken around and told he was to do this, this and this. He said, ‘I am going to have to slip away. I will be back at lunchtime and we can see how you are going with the work.’ When the contractor came back, he found this fellow sitting in the meal room with his feet up, reading the paper. He said, ‘What are you doing in here? You should be out doing that work.’ The employee said, ‘I’ve done all the things you asked me to do. I looked around for anything else I could do, but being my first day on the job I did not want to do something that you might not be happy



with, so I waited here for you to come back.' The contractor said, 'We'll have to go around and have a look at this work. I've got other people here working for me. They would take at least a day to do that work.' He took him out and said, 'No, that work you have done is very, very good.' He gave him some other work and that was it. He was only employed for three days a week. He was a casual. At the end of the week that was okay; everything went well.

925

Then the next week came, and at the end of that three days the contractor said to him, 'What about working for me full time?' and the fellow said, 'I'm not really looking for a full-time job. Three days suits me.' The next week when he went in to work the contractor approached him again and said, 'What about taking on the job of general foreman? I would like to put you in charge of the job, because my responsibilities take me elsewhere.' That is one little experience. Obviously, in that case age had nothing to do with his ability to do the job, but the employer initially was prepared to say, 'You are not the fellow that we are looking for.' Anyway, we will do some more on that.

**CHAIR**—Yes. Can you put together the few examples? I know they are anecdotal, but they are very important to refute some of the things that have been said to us by a couple of employer representatives. One of the other things that you have highlighted this morning, and again in your supplementary letter that you gave to us this morning, is the obvious interest amongst mature age workers, both unemployed and working, to acquire computer literacy. Obviously, governments across Australia are doing what they can to improve basic literacy and numeracy amongst children, but it seems that for those of us – including me – over the age of 40, if not 45, computer literacy, which is probably just as important to surviving in the modern world, is probably not the norm. Do you think there would be a place for government to consider some sort of national computer literacy program for over-45s and putting some substantial resources into that? Perhaps another way of putting it is to ask: is a lack of computer literacy perhaps compounding the problems that exist in terms of natural prejudice against older workers?

**Mr Mortlock**—The experience we are having is that the people coming to the computer classes do cover a wide age range, but there are fewer younger people coming, no doubt because they do learn some computer skills in their schooling. We are finding that many older people would be happy to go back into the work force. You can use me as the example, if you like. Eight months ago I lost my job. I was working for BHP up here in one of their subsidiaries which was sold. It was not the steelworks; it was another firm. At the same time many other people from BHP lost their jobs in this area. Of course, the steelworks received most, if not all, of the publicity.

However, I found myself not knowing a great deal about computers. Since then I have linked up with our own classes, studied basic computer skills and moved up into a couple of things that I wanted to know about. There are quite a lot of people in the 50- to 60-year-old age group who would be capable of doing work if they could just handle the computer skills necessary to do some sort of work. There are lots of jobs advertised for people with computer knowledge. Probably most jobs these days need some sort of computer knowledge. Whilst our classes are not accredited, we are teaching all who come along for whatever reason they suggest. We even have quite elderly people who merely want to be able to talk to their grandchildren on the computer. They are all forming this number far in excess of what we anticipated would come along in the space of time that we would be there.

Another group that is coming along is business people in that age bracket who do not have any, or very little, computer knowledge but who really need to know. They keep talking about the GST – 'We need to know some form of accounting program so that we can pass on, if we are an accountant, what is necessary for the GST.' So it would be most beneficial if there were some recognised type of training program which could be implemented by tutors and you could separate these people from the ones who just want to know a bit about computers and those in the older age bracket who want to talk to their families. You will find there is a big percentage in the middle – people in this 40 to 45 and older age bracket – who would gladly have a job if there were one about the place. Business people as well are starting to make up a big percentage of the groups coming along.

**Ms GILLARD**—I was talking to Bob before the formal hearing started about the training that is provided in basic carpentry, painting and landscaping. We have had the idea put to the committee that, by being provided with basic skills in those areas, that is a way for people to get back into the work force. There are two things. Could you just talk about the licensing requirements there because, obviously, you are not providing full apprenticeship programs? Also, I understand at the moment that is not a commercially successful venture in the sense that people are earning full wages out of it, but effectively you are using the unemployment benefit almost like a wage subsidy to provide people to local councils and other institutions. Could you just describe what is happening there as well?

**Mr Mortlock**—If I can answer the second question first, the reason at this point of time – three years down the track – that they are not earning some form of wage other than the benefit is that the people who are with us have been there for the full three years. In the main, others have found work along the way or, in a couple of cases, as I explained, obtained licences which have enabled them to go out and become independent. I think that is one side of the question you are looking at in your paper, that if someone is made redundant or becomes unemployed what type of training could you give them to make them become independent, to earn an independent wage, rather than be working for someone. That is the other aspect we are looking at. The classes we run teach them skills.

926

To try to get them some form of qualification – and you need three years of experience in the main to do this, sometimes more – we have had discussions with the New South Wales Department of Fair Trading, indicating that we are training people up who will qualify, for instance, for a handyman's certificate, which is one of their qualifications, which requires them to have various skills and to be able to get references from people who have given them the skills or have seen them actually carry out work. That is something we hope will eventuate in some cases this year: where we have a case history of someone who has carried out glazing, concreting, basic carpentry and we know where the jobs were that they worked on and who the people were and if there is someone qualified who can give them a reference, this is how we hope to overcome the problem of not being an apprentice or not being a qualified tradesman because we do not have that type of course. We are there as a training centre to try to help older, unemployed people find something that is probably far removed from what they might have done before.

The other side of that is that, where government funding at the present time looks at putting people into, say, something for three or six months, we have found that is really insufficient. Someone who might have worked from the day he was 17 or 18 until he was 45 or 50 and lost his job cannot really slot into the current work force without doing something dramatically different. That is where three or six months is not really very good at all, to be blunt. But, if you can put someone in a system where it is known that he will be on a benefit for, say, two years, and then during that third year – as we hope to do – we can bring them onto a wage or find some qualification through a recognised body that will allow him to go out into the wide world and quote legally on work, that is our current aim. That is the point we have arrived at at the present time.

**Mr WILKIE**—Job Network providers are supposed to pay to have their members undertake training. Are you finding Job Network providers are actually paying you for your services or are you having to charge the unemployed people?

**Mr Cambourn**—We do not get paid and we do not charge.

**Mr WILKIE**—Do you have Job Network providers refer clients to you?

**Mr Mortlock**—If I could elaborate, these are two things that are happening currently. As Jack mentioned, there is no charge made by us nor do we receive any money from network providers. However, we are talking to a local Wyong network provider at present about this. Denis, who is sitting behind me, and I had a meeting with the manager a couple of weeks ago.

In conjunction with them, we are looking at trying to find small schemes which would come under what they would consider to be Work for the Dole schemes. In other words, if we can present to them some scheme of ours that complies with what they would be able to place some unemployed people in, that would then enable us to be part of the funding. They would receive their money, whatever it might be at the present time, for providing Work for the Dole projects and would be earning their money in whichever manner is provided by the government for them at the present time. However, our being able to come up with a small scheme would enable us to be paid. The suggestion was a few hundred dollars per person for that particular scheme, which would enable us to put that money back into the system to run the centre.

**Mr WILKIE**—You are talking about Work for the Dole?

**Mr Mortlock**—That is that particular scheme. We are also talking with the local Centrelink office staff at the present time and we are hoping to have a meeting with them next week. They talk about what they say is a new program called Preparing for Work, which might be an expression that you know. Perhaps it is a new government incentive to allow Centrelink to try something a bit different. With Preparing for Work it seems to be – and I do not know the full details yet – that Centrelink search for people such as us, who are having some success with training people and finding some work, so that they can link with them through us to send people along. I cannot elaborate because we do not have the further particulars, but in the last couple of days of conversations we have had with them they have asked us to go along to talk to a meeting of the Centrelink people locally. So that may well be something that could inject some funds our way, but I do not know.

**Mr WILKIE**—Would most of your people be registered as long-term unemployed and have a Job Network service provider operating with them?

**Mr Cambourn**—Yes.

**Mr WILKIE**—Those network providers should actually be paying for any training that those people undertake. They are funded for it. You would probably need to liaise with those people as well, I would think, to make sure that they provide you with some income.

**Mr Cambourn**—We have approached a number of providers in the area and have offered to train their people for no charge and for some reason or other they just do not bother. In one particular case, Employment National, which you probably know, I suppose I spoke to its local manager six times, asking him to send people over. He admitted that they had people there who were bored out of their brains with nothing to do and yet, for whatever reason, we could not get any cooperation from them. We have no proof of this but my impression was that they did not see any real need for them to get involved in training. In other words, they did not think that it was necessary, although I do not believe that they would have consulted the workers.

927

**Mr WILKIE**—Do you think that would have been because of the age of the client?

**Mr Cambourn**—It could have been. As a matter of fact, in one conversation the fellow did say to me something like this: ‘Yes. That sounds like a good idea, what you are doing over there. I have half a dozen fellows here who are in their fifties, and they would probably appreciate going over there for a little bit of training, and they would probably enjoy the company of the other workers.’ I said, ‘Send them along.’

**CHAIR**—Who was that, Jack?

**Mr Cambourn**—Employment National.

**Mr WILKIE**—Are there any other providers, other than Employment National, in the area?

**Mr Cambourn**—Yes, there are quite a few.

**Mr WILKIE**—Is it a general problem that you have, that is, getting clients from them?

**Mr Cambourn**—We have tried the Salvation Army. There is no argument against what we are proposing. We do not get any argument against it, but we do not get any results. As I said, it is the Salvation Army; Bob has mentioned Wyong Workwise –

**Mr Mortlock**—There must be four or five just in the main street of Wyong. It is an area which has very bad unemployment figures at the present time. Anyone who is anyone would be there trying to assist in that regard. At the same time, I myself am linked, after being made redundant, to Centrelink. I went along and they said, ‘You will have a provider, you will go along and you will give them all your particulars.’ So I walked around the corner, and I selected the Salvation Army people – I just cannot think of the name of their particular organisation – and gave them all my details.

**CHAIR**—Employment Plus.

**Mr Mortlock**—Thanks, Brendan, that is correct. They asked, ‘Do you have all your particulars?’ I said, ‘I have been working since I was 16 years of age, and any CV that I give you is not going to be greatly updated, I can tell you. When I finished my leaving certificate, for instance, and when I completed my apprenticeship, that is 40 or 50 years ago.’ They said, ‘That is all right. Fill the form in.’ I filled the form in. I had to go home and prepare a CV and take it back, perhaps a week later. I did just that and went back. I did not meet the same person. They were not there. I explained who I was and where I was from. They said, ‘Good, that is all right. We will have you up and running in no time. Give me that, and we will prepare it for you, and you will hear from us in no time flat.’ But I have never heard, from that day to this, from anyone at all. That may well be because I am 61 years of age. There are possibly other providers who try to help people as old as me, other than the Salvation Army. I might be overly critical, but I think that is general. Whilst I was there, the stream of people who went through that place just amazed me. As someone who has been able to hold a job down all my life and not be connected with this side of life, it just staggered me, as I sat in a chair and filled out that form, to see others coming and going while I was there. These people were not young; they were all middle-aged people and upwards.

**CHAIR**—I am sorry to finish there; we could talk to you all day, actually. Thanks so much to both of you, Bob and Jack, for everything that you are doing. I know it is not for yourselves so much as it is for other people. If you could send those examples on to us. You also mentioned that some of the training you are doing is being developed under Work for the Dole – sadly it is called that. Perhaps you might also send in your letter any thoughts or views that you have on Work for the Dole – again I apologise that that is the name of it – for older workers.

**Mr Mortlock**—Just to finish, we do not use that term ourselves. I think it is a term that has something about it that repels a lot of people. I used it today simply because it is used in life.

**CHAIR**—Yes, thanks. I have had a few fights with my government colleagues on that one, too. The concept is all right, but I just do not like the name.

929

[9.45 a.m.]

**BARTON, Mrs Valda Helen, Coordinator, Lake Macquarie Neighbourhood Information Centre Inc.**

**BELL, Ms Carol Diane, Coordinator, Edgeworth Memorial Neighbourhood Centre Inc; and Representative, Lake Macquarie Neighbourhood Information Centre Inc.**

**CHAIR**—Welcome. I invite you to give us a precis of your submission, highlighting the things that you feel need emphasis, and then we will discuss that until about 10 minutes past 10.

**Mrs Barton**—Firstly, let me personally thank this inquiry for looking at the issues of older persons in seeking employment and starting a small business.

No two neighbourhood centres are the same, except that we all receive funding from a funding body and that we are all managed by committees made up of local residents and business people within our communities. Each neighbourhood centre works autonomously from the others and from the funding authorities, yet we often work cooperatively together so as not to duplicate programs and so as to support each other's work by referring clients to other centres' programs. We also try to work in conjunction with other state and federally funded programs that are available within our areas.

There are approximately 300 centres in New South Wales and 900 nationally. Every centre works for their community, therefore programs at different centres will vary greatly. One common trend that is emerging in centres is the number of unemployed persons we help through various means at the centres. At our centre we have found that we are continually dealing with people who have worked all their lives and who now, in unemployment, find themselves without the skills needed to survive or to retrain. This crosses all financial brackets and it is not restricted to low socioeconomic families. We have found that these people are usually not only economically poor but also technology poor.

Generally, neighbourhood centres across Australia provide services for people who have missed out on opportunities which are a normal part of the mainstream process. For some reason these people have not been captured by the job providers, yet neighbourhood centres have captured and retained these people in a non-threatening environment.

I would like to suggest to this inquiry that it look at reducing the age this inquiry covers, from people above 45 years of age to people above 35 years of age, as we get many clients in this age bracket who are experiencing the same problem as the over 45s and the sooner a person starts to retrain the easier it is for them to learn and therefore the less reliant they will be on the welfare system.

Since my submission to the inquiry in 1999, our centres has undergone yet more change to meet the needs of our clients and support agencies. I will list the changes. One, we have restructured our centre to take on more volunteers to train and to provide experience for: instead of 10 volunteer places we now offer 23 places and we now have four different types of training available: office computer skills training, sales office skills training, reception computer skills training and information technology skills training. Two, we will receive our first four Work for the Dole volunteers on or around 14 February from the Newcastle City Mission's Job Hunters program. Three, we have designed a structured learning program to assist volunteers in learning new skills or utilising the skills they already have and how to canvass for work. Four, the Toronto Neighbourhood Centre has employed a new coordinator and we are unsure at this stage what their future holds. Five, of the eight mature age workers in the area from Singleton to Newcastle, Morisset to Nelson Bay, these positions have now been reduced to five workers with increased workloads.

In conclusion, we make the suggestion to members of this inquiry to look outside the usual funding systems to find ways and means of providing assistance for these people, by utilising the existing neighbourhood centres that are already well established within communities and have the infrastructure already in place and can meet changing needs quickly and efficiently on a local level throughout Australia, rather than starting and funding new programs which deal exclusively with unemployment.

**CHAIR**—Thank you, Valda. Do you have anything to add, Carol?

**Ms Bell**—I wasn't going to bring this up, but it fits in. I attended a meeting in Dungog yesterday which was the regional forum meeting. We have just received funding of \$120,000 from the federal government as part of the Networking the Nation Program. One of the things that was discussed at the forum was how we can use this technology to address issues such as these. We also looked at the fact that unemployment is not the only issue. We are dealing with the social impact. In Dungog the unemployment of half-a-dozen major breadwinners out of half-a-dozen families has an incredible impact on that community. Now, whereas we are not seeing it so much in the city, in the rural areas it is becoming devastating. It is not just the loss of income; it is also the loss of personal identity of that person, their role within the family structure. These are often fathers



who have said to kids, 'Go out there! I've worked since I was 15. What's wrong with you?' They are suddenly finding they are 43, 45 or 47 and they are unemployed. Also, there is the problem of women who have always had the role of homemaker. They are suddenly devastated. They go to a place like Centrelink – this personal story was related to me yesterday – and they come back with the folder of all the options saying, 'Here's where you go, here are your training opportunities, here's this, here's that.' They sit the husband down at the table and say, 'We've got to do something about this,' and he says, 'Yes, I am. I'm going to the bowling club.' It is just too big for people to take on.

930

In small communities the problem is also where you can go where any of this stuff is private. Most of the people you are dealing with in these employment agencies are your neighbours, your cousins or the people down the road. The devastation on a personal level is what is being reported back from the region as a whole. I would like to recommend that we do not just keep this on retraining and learning new skills, but that we actually look at the full impact of unemployment on a family structure.

**CHAIR**—Thank you, Carol. I can assure you we are. You probably have not read in *Hansard* the record of things that have been said to us, but I can show you that we have. In some ways I suppose the job is the easy part; it is dealing with the human and social dimensions of it that is extremely difficult. In the recommendations you said that for people who try to acquire new skills through TAFE there ought to be some sort of coordinator for people in this age when they are going back to get new training. Could you elaborate on that for me?

**Mrs Barton**—Yes. One of the things we have found is that with a lot of older people who go to TAFE – often their jobs providers suggest courses for them; for example, office skills training – they are in a class with young people who have recently left school. The teacher goes along on set lessons on set days and if they do not have the skills to keep up, they fall behind in the class. The further the class goes on, the further they fall behind. So these people are not acquiring the right skills before they get to TAFE to be able to keep up with the TAFE system. We have also found quite a few cases where people have gone to TAFE only to be told, 'That course is full, but we've got this one that's free. There are not many people in this one.' The people will do it just to do something, but they find when they get there that it is a very advanced course and they should have had prerequisites to get there.

There is no-one there to advise them. We have often said to clients to ring the TAFE colleges before enrolment to find out what courses are going to be available. They get referred to someone in that department: it could be the secretary, it could be one of the teachers, the head of the department – you do not know. They will tell them what courses they think are coming but they are not yet confirmed. They cannot tell them what prerequisites they had to have before they actually get to the subject that they want to do. Years ago we used have a careers advisory where a person could go and say, 'Right, I need to retrain, I am unemployed. What types of things can my current skills be utilised into so that I can look at other avenues for employment with the least amount of training?' There seems to be no-one there to guide these people through the system, and I think it is very important.

**CHAIR**—It is a good idea.

**Ms GILLARD**—You make reference in your submission to the call on your centre to assist people with resume writing and job application writing and that that is a service you do not get funded for at all, and that in fact you have had to confine the hours you make the centre available for that kind of service because it was getting overwhelming. You might be aware that there has recently been an increase in the number of resumes and applications unemployed people are required to send off in order to continue to credential for benefit as a result of a change to the activity test. Could you talk to us about what sort of burden that is going to put on centres like your own, and also whether or not that is in any way an effective means to assist people to find work?

**Mrs Barton**—It is going to put a great burden onto the neighbourhood centres. First, we cannot be trained in every avenue. We are basically welfare workers who have received welfare training either at colleges of advanced education, TAFE or university. We are not trained to handle the particular issues of unemployment. Neighbourhood centres are mainly referral centres where people come to us and we refer them off to other agencies who have the expertise and experience to help the client. Because of the overflow of people going to the mature age workers programs and to the job providers, they are not getting the assistance – they will get one resume down and told to come back and use the photocopier whenever they want to. They are often outside of the area. For example, at Boolaroo they have to catch two buses to go to the local providers at Cardiff. They have to take a longer bus trip to Charlestown or a private bus to the Toronto centre to get those services. If it is not the week they have their unemployment cheque, they cannot afford to go over there, so they tend to come to places like a neighbourhood centre that will give them that background support. So it is going to put a burden on us. That is one of the reasons why I have increased my volunteers, because I now

require five volunteers most days of the week to help me with the influx of people and the training that goes on in our centre.

**Ms GILLARD**—A lot of that work is simply dedicated to the physical production of resumes and job applications?

931

**Mrs Barton**—A lot of it is but not all of it. A lot of it is skills training as well. Last year about a third of my time personally went on providing resumes for people. I finally did a template on the computer and I just fill in the blanks now, which makes it a lot easier. Similarly I have acquired quite a few sample letters on the computer and I just go through, so that saves a bit of time. But it has taken a while to design the program to put on the computer. There is no written program out there that we could have. Those that the job providers have they will not share.

**Ms GILLARD**—So you have actually approached them about sharing those programs and they have refused to?

**Mrs Barton**—Yes. You would notice from one of my diagrams that I sent to the committee, on page 9, the only agency with a double arrow that refers clients to us is the mature age workers program. All the others we refer one way. I think Carol would support me in that. We have made approaches to the job providers at Cardiff and Toronto and they do not want to know us. We are not in the Job Network; we are welfare. We have the same problems with the health service: we are welfare, they are health. There does not seem to be the crossing of barriers, and we need to break down those barriers between counselling services that are health funded or welfare funded or job provider funded and start sharing clients between the centres. Neighbourhood centres have broken down that barrier at Lake Macquarie. We now do not duplicate programs that another centre is running; we refer the client to that centre. We would like to see others follow and do the same, but the job providers will not. They are their clients and they do not share them because they rely on their funding to provide work for that person. That is the impression that we get.

**Ms Bell**—It is not just the provision of work. What we are getting in the overflow is frustration. We are getting: 'How do I cope with this?' 'How do I do this?' The presenting problem is: 'I need a resume.' The reality may be, 'I cannot pay my rent,' and, 'I cannot feed my children.' That is what we are getting. I think the recommendation is we take a more holistic look at this rather than trying to fragment how people deal with these segments of their lives. I have been involved with people who have ended up clinically depressed. I have been involved with the psychiatric health system in some of these cases. It is just not good enough for people. They get too frightened. They are up against a system that seems to be blaming them for how they are. If we can break some of that down, we can use the infrastructure that we have. The great thing about neighbourhood centres is we have been around for about 30 years. Our basic brief is that we respond to what the needs are. So one year we may be doing an entirely different set of programs. This is an opportunity to put some more infrastructure into a community that is already involved on the ground with the people. So that is one of the things we are suggesting.

**Ms GILLARD**—What is the interrelationship like with Centrelink itself?

**Mrs Barton**—Toronto, fantastic. Unfortunately with the new Centrelink phone system, someone in their wisdom decided that neighbourhood centres can no longer have access to the centres directly. We have been denied access. We now have to use the 13 numbers if we want to get help for a particular client, and that is very bad. They are saying it just happened this year. Before that we had direct access to all our local Centrelink officers. We were able to phone them up. I had built up such a rapport with my Toronto office that I could just phone up someone and say, 'Look, why did you cut the benefits off for this person? They are really desperate.' They will say 'Okay, we will reinstate them today, but bring the person over tomorrow and we will go through and have a look at that whole process and see what has happened and what we have to do to help that person.' I do not get the same response with every office. Unfortunately, I believe Toronto may be closing. They are not renewing their lease out there. It will be a great loss for Lake Macquarie if we do lose the Toronto office.

**Ms GILLARD**—Who made and how were you advised of the decision that you would have to go through the 13 number instead of direct to your local office?

**Mrs Barton**—We have not yet investigated that because we have only just discovered that we have been locked out of the system. But when I phoned the 131 number and asked to speak to someone over at the Toronto office I was denied.

**Mr WILKIE**—How long did it take you to get through on that 13 number?

**Mrs Barton**—It was very quick. It only took me the first call and I was through in about two minutes. The girl was very helpful. But as one worker to another you like to build up a rapport with that centre staff so that you can talk about a particular client. I have a particular client that I deal with who is an alcoholic,

schizophrenic, homeless gentleman who comes to the centre. I am having to do all the communication now by mail, which is taking longer than a phone call.

**CHAIR**—I think the point that Julia was alluding to initially is that there is a new requirement for job seekers that they apply for 10 jobs a fortnight or something. In an electorate like mine, in the North Shore of Sydney, you could apply for 10 a day. But in other areas clearly far more people are unemployed than there are jobs. It could be argued that they are being sent on a futile exercise, which puts an even greater burden on organisations like yours. In the sorts of areas that you are servicing, I think what Julia is saying is: is that likely to compound your problems, or is it not?

932

**Mrs Barton**—We will not know until it actually happens, but we anticipate that it will compound our problems. We have already had people approaching us at the centre looking for work, any type of work, that they can do and asking us would we fill in their form to say that they look for work there. So we are also getting the other side of it as well. But it will compound us.

We do not want to take on too much work; we want to be able to refer them on to the job providers because that is what they are funded to do – the resumes. We only want to fill in the short gaps when people cannot get over to the provider. We will probably have to restrict our services even further if we find there is a greater influx of people. We are finding this year that we are getting not only the over 40s but a lot of school leavers, who are coming to us for their resumes and are looking for traineeships. That started at the beginning of this year; we did not have it last year. So that is another change that we have experienced since November, and it is going to keep changing. What could be the norm today may not be the norm tomorrow. We might have the reverse. People might decide they do not want us for resumes next week and we may not get any. It depends on needs, but if it does go to the norm we will be greatly disadvantaged.

**Mr WILKIE**—On your flow chart, I see you are referring clients to the Job Network providers. With mature age people – and it is a one-way arrow on there – who are probably Job Network provider eligible and are long-term unemployed, are you getting many of those people coming back for your welfare services because their needs are not being met by the network providers?

**Mrs Barton**—Eighty per cent are coming back.

**Mr WILKIE**—So you are getting a lot coming back. Is it people who have wanted to get training and are not being referred on to those sorts of services, and the providers will not pay for them?

**Mrs Barton**—Yes. We are finding that a lot of people who are long-term unemployed over 12 months are not even aware and are not being told by their job providers that there is money available for training for them. We advise them that there is money and to go back and see their job provider. Anyone who wants to work in a small office should have MYOB accountancy. It is fairly new and a lot of places have not, until recently, done training in it. A lot of people have not got that training. I say to them, 'Go to your provider and ask to do a course. There are TAFE courses, WEA courses and quite a few other places that do it.' They come back saying that the training provider said there is no money; they are broke.

**CHAIR**—One last question, because we need to finish: how many of your volunteers, besides those at Boolaroo, have been able to get paid full-time work?

**Mrs Barton**—Seventeen of my volunteers last year were able to get either permanent part-time or full-time work. Of those 17, from memory, about nine got full-time work. One young man, Nathan, who is in his early 20s, was lucky. He got a job in the field he wanted, full time, and they are giving him extra training. So he was very happy. Those who did get work were quite happy. We have had a couple of failures where people have got too comfortable at the centre and we have had to refer them off to other places because they decided that rather than looking for work they were comfortable doing volunteer work. So we have had to give them the big push, for their own benefit.

**CHAIR**—What sorts of skills do they acquire at Boolaroo?

**Mrs Barton**—They have to come to us with basic computer skills. We give them hands-on experience, confidence and self-esteem building. It is nothing for me to walk off and say that I am coming to a meeting like this. There are two volunteers running my centre for me at the moment. We give them financial training, petty cash, banking, how to answer the phone nicely, and how to never lose their temper with a client – which is very important. Because we have attempted running a business, which is going very well, we have very strong policies and procedures so we train them in that. We also have an armed holdup procedure – what to do when you are held up; not that it has happened yet. We have tried to cover everything. Now we are taking on sales and information technology. I am doing a correspondence course this year so I can train, and management decided last night to start employing a manager for the Boolaroo computer group to take some work off me. These things will start coming online, so people will get a variety of training, depending on what they need and



what they have. We also have confidence building, self-esteem, dress sense, personality, sometimes hygiene, and job interview skills – whatever the person needs. We are flexible.

**Ms Bell**—One of the issues that impacts on centres is that staff are having to constantly upskill to keep on top of this and to try to provide decent services for people. This is taking a toll because a lot of the centres are only part-time staffed. That should be taken up by other areas.

**Mr WILKIE**—Is there any money made available for their training? I used to be involved in one of these groups, and it is very hard.

933

**Ms Bell**—I had a training budget last year of \$90, and I used it wisely!

**Mrs Barton**—We all get a budget. I am funded from the department of community services for \$52,000 a year. Our management committee has to decide what we use that for. My management puts away \$300 every budget for me for conferences and training. I tend to hold my \$300 over for two or three years and then do a big course or a big conference so I get something worth while out of it rather than going to smaller things. But I am lucky that I have a good management committee.

**CHAIR**—Thanks Valda and Carol for giving us your submission and for all the work you are doing. If you have any supplementary remarks or observations you wish to make, please feel free to send them to us.

934

[10.11 a.m.]

**SHEVELS, Mr Ces, Community Representative, Newcastle City Council****TALTY, Ms Kay, Human Services Manager, Newcastle City Council**

**CHAIR**—Welcome. I invite you to give the committee a precis of your submission, emphasising the things that you would like to point out to us, and then we will discuss it.

**Ms Talty**—We tend to look at things from a wider perspective. The major issues that we want to stress are the regional issues that happen in the Hunter. Research has indicated that older mature males over 45 years are tending to be retrenched from the traditional occupations, and they do tend to remain unemployed for longer, which is an average of 73 weeks. This is impacted upon by the increase in part-time and casual work, and this impact – and I will come back to it when we talk about the social issues – needs to be further examined.

There is also an increased use of contractors in the work force, which compounds the problem. There is also a two-tiered work force developing – with people in the high-skilled and well-paid jobs and the lower paid and less-skilled area. The current unemployment rate for the Hunter is 10.3 per cent, which is still higher than the state and the national average. The loss of those traditional low-skilled labour jobs makes it very difficult for mature workers in that area to gain other employment because of the lack of opportunity. This is probably due to the effect of globalisation and government policies in relation to that. We have certainly seen an example of that with the issue of the textile workers, which has gained a lot of publicity.

We have indicated that there has been no planning by government for the effect of policies of globalisation on traditional areas of work. The low-skill areas are disappearing and we need to see what we can do to overcome that. The outcome of that is that we would like to see the government support the development of local initiatives and certainly look at their regional development policies – how we can develop those regions and include areas of work that these people might be able to engage in.

Linked with that is the issue of retraining. There needs to be an identification of the basic skills these people already have and how we can build on them, because one of the problems is the difficulty of retraining so that they can move into another area. We can see that, and one of our recommendations is that there is an expansion of the labour market programs. An example of one that has worked quite well is a state funded program called the Mature Workers Program, which I heard the previous witnesses allude to. That has had significant success in actually moving people on and getting them into work. As part of that, there is work experience that is meaningful for them. It is paid work experience, and that is one of the reasons people engaged in that program see it as being successful.

The other major areas we are concerned with are the social issues and implications of what is happening for this age group. The Vincent study that has recently been completed identified five suburbs in the Newcastle-Lake Macquarie area that were significantly disadvantaged. In consultations carried out in those areas, unemployment was considered an underlying cause of many of those indicators.

We also see that there needs to be a cohesive policy development within government to determine the impact of employment opportunities, with that linked to the benefits system. We see that happening with some of the policies that are coming through, certainly with the income support at this stage and the impact of that on these unemployed people and the opportunity for regional job opportunities. Another issue would be the implication of people having to support their children for longer periods of time now with the new benefits. When people become unemployed at that age they often still have dependent children and that has underlying social consequences which Ces can enlarge on.

There are also the financial implications of people having to wait to access benefits. Before they get their redundancy or entitlements – whichever happens – they often have to use that money during the waiting time. That also has implications for the family. We would like to see additional work done looking into the implications of part-time and casual work and the implications of that for income resourcing and whether there is some way that there can be income averaging.

There is also the problem of relocation where you have regional areas with limited job opportunities. If people have to relocate to other areas to find jobs then there is the social impact of that on their families. There are also the implications for the capacity of regions if people are moving out of regional areas to go to the cities. The other issue is that these people are often encouraged to do work in the community which helps them feel valued and contributing members, and it would be beneficial to have some acknowledgment of that with perhaps a sliding scale also linked to benefits so that that contribution is acknowledged.

**Mr Shevels**—I would just like to endorse what Kay has said and to add that I believe it is important that the federal government considers the whole country when developing policies. For example, the current welfare

reform is providing some anxieties to agencies such as us. Our agency provides emergency financial support to about 1,000 families each month, families who are not in the paid workforce. Most of those families are under the age of 45. Either they have got children or they are single adults with no family support at all. With the ones over 45, there is a difference in that most of the people over 45 that are not in the paid workforce are not on unemployment benefits. They are on a disability pension or whatever. They find that they cannot find work and there is much less stigma to be on a pension than be unemployed. There might be opportunities in Sydney for people to take part-time menial work. But in the Hunter Valley, the reality is that, if you apply for a job with a large company and you have a less than perfect work history or you have a mild disability, it is very hard to get any sort of work because the competition is so high. I would like to emphasise that it is important to recognise that, because policy needs to change in the major city, the regional areas might have some different issues to face.

935

**CHAIR**— Could you expand on the sliding scale of financial benefits for unemployed people who engage in community activities: how would that work?

**Ms Talty**—A lot of unemployed people do voluntary work with community organisations, which is now acknowledged. Perhaps there could be some sort of point system so that you would have your basic benefit and working with community could be acknowledged as work just as they are required to apply for jobs. That could be considered part of that. Perhaps there could be an additional benefit gained for the number of hours that they work in a community organisation.

**CHAIR**—On page 7, paragraph 2 of your submission, you have said that, under a system of centralised wage fixation, regional wages are not allowed to reflect regional productivity differential so that regional unemployment rates remain above average in low average productivity regions. As you are aware, there has been a debate recently about wages in regional areas triggered by some comments by the Treasurer. I am sorry; that was not your submission. That was from the Union of Australian Women. I beg your pardon. I will take it up with them. I thought it interesting that Newcastle City Council would be arguing that. There might be some changes in the council.

When the ACTU and Bill Mansfield came to see us, they picked up on the 13 weeks requirement before you could get support from social security. Can you explain a bit further why you in particular need some modification. People have got to get themselves down to \$2,500 before they are eligible for benefit.

**Mr Shevels**—One of the reasons that we have such a growth in the non-government sector is rules such as that. The number of people we assist increases annually. One of the reasons people come to us is that they have to wait so long now to get any assistance from the government. If you resign because you have had a fight with the boss, you have still got to wait 13 weeks to get unemployment benefits. If you have got annual leave owing to you, you have got to wait more time. If you have got long service leave owing to you, you have got to spend that first as well. If you are 55 and you have got superannuation coming to you, you have got to spend that first. A lot of people coming to us for assistance have got no reserves. The reason they come to us is that, because they have got no reserves, if a crisis happens in their lives, they have got no-one to turn to other than us. The amount of assistance we give them is about an average of \$30 each. That is still \$30,000 a month. It is a huge amount of money but we cannot help them fully. We can only help them feed their children until the next benefit cheque comes in.

I can understand that the government wants to be as efficient as it can with income security payments, but by forcing people to spend their reserves it means that when a sudden problem occurs they have nothing to fall back on. Even for a young man, say, who has no assets other than \$5,000 that he was saving for a motorcar, the fact that he has \$5,000 in the bank would delay his access to income security even though the car is important to find work or travel to work. That is why we are concerned about mutual obligations. If you do not work for the dole, you may get breached. If people get breached they will come to us, and the dilemma is that if we do not help them what will they do? People have to feed their children. As those policies are changed at government level, we will see the impact at our level.

**Ms GILLARD**—We have a number of people coming to talk to us today about the BHP experience. You may or may not be the right people to direct these questions to, but I note that 2,000 employees received special assistance through the Pathways program and 3,000 contractors fell outside of the class of the people to whom special assistance was provided. I would presume – you might tell me this assumption is wrong – that demographically the 2,000 direct employees and the 3,000 contractors were pretty similar. I am interested to see whether the council, the union or Centrelink – and I will ask them when they appear later today – is engaging in a tracking program to see what the outcomes are for the 2,000 direct employees made redundant and the 3,000 contractors who lost their places. It seems to me that it could be a very good case study as to what difference the provision of that kind of fairly sophisticated assistance makes to the job search process.

**Ms Talty**—Council are not doing it, but there was a Prime Minister's task force that actually looked at the implications of what was happening at BHP. Ces could perhaps tell you some first-hand stories about contractors.

**Mr Shevels**—The Samaritan Foundation administers a trust fund for people who have been affected by the closure of BHP. At this stage the people we have seen have been contractors. The direct employees, compared with other employees in the Hunter Valley, received quite a generous compensation package when they left. Those who were contractors did not receive anything. We expect that some of the former BHP employees who are unable to find work – there will be some spin-offs – will need some assistance down the track. But because they have had some redundancy payments, we are not seeing them at this stage. The people we are seeing are the people who were working full time on BHP work but they were employed by a contractor and therefore they did not have access to those benefits. Some of those people have been in a similar situation to the textile people, but they are not in a big enough employer to get that response from government. We have certainly had people laid off in those situations as recently as Christmas Eve.

936

**Ms GILLARD**—In the same situation, in that they were not paid their legal entitlements at the date of termination by the contractor?

**Mr Shevels**—That is right.

**Mr WILKIE**—Because the contractor has gone broke?

**Mr Shevels**—That is right. I guess there is some feeling that people who were working for contractors were not treated as generously as those people who were direct employees.

**Ms GILLARD**—And you are already getting people who were working for contractors presenting with hardship problems as a result of that?

**Mr Shevels**—Yes, we are.

**Ms GILLARD**—My other question was really to Kay about the Mature Workers Program. In various parts of New South Wales we have received a fair bit of evidence about that. I take it the force of our submission is that the federal government should look at providing a similar program, which is really a wage subsidy, jobs placement program directed at mature workers, and that the outcomes there have been good enough to sustain that.

**Ms Talty**—They have been excellent programs. Unfortunately, two of those programs have been defunded in the Hunter just for this year, which is truly amazing, given the closure of BHP and what is happening. But they have had remarkable success in actually getting people into employment, and it is meaningful employment. From discussing it with the people that operate those programs, it is because they do that significant amount of work experience in worthwhile jobs, for which they get paid. If you are in work it is easier sometimes to get it, and that seems to be the assistance. Plus they do help with resumes and job clubs and all that sort of thing. They have been operating now for quite some time, with remarkable success. I guess that there needs to be review of the labour market programs and those that were successful against those that perhaps were not quite so successful, because they certainly did help, I think, with people, in a whole range of things, including the social implications of people feeling more worthwhile.

**Mr Shevels**—Can I just add to that. With labour market programs and paid work experience we operated a number of those programs through the agency and included quite a few mature age workers in that. They did paid work experience as child care workers, aged care workers, and many of them actually did move on to further training and work. The good thing about the paid work experience program is that it allowed someone who had been long-term unemployed to come and work in an organisation for six months, do a job, do it well, go to an employer and say, 'Look, this is what I can do.' If you do not have that, the employer tends to stay clear of someone who has been out of work for a long time. But the beauty of these labour market programs, which have disappeared, was that they allowed people who were long-term unemployed to come back into the employment game again. Whereas now it is very difficult for someone who is long-term unemployed or, as I said earlier, someone who has had some sort of flawed work history to get back into the labour market. But the paid work experience program did allow them to do that and did give them a chance to earn some extra money while they were doing it. It did give them some training and did allow them to say on their resume, 'This is what I have done.'

**CHAIR**—Do you deal with many non-English speaking background people in the Newcastle area? If so, what specific problems do they present for you?

**Ms Talty**—We have a relatively small proportion; I think it is between seven and eight per cent of the population. In Newcastle there are about 20 to 24 different nationalities within that, so it is spread fairly wide. I have not got the information at this stage, but with the closure of BHP a lot of those workers from the Italian and Greek community came out and actually were placed in BHP. They would be in this older age group. We

have not looked into it any further, but there would be the sorts of problems for those families of the male breadwinner losing the work and the implications for the family in that. But we do not have as big a population as the Illawarra.

**CHAIR**—Thank you very much, to both of you, for the work that you are each doing in your different ways and for providing us with a submission. If you have any further ideas or suggestions to put to us, please send them on in the form of a letter. Thank you.

937

938

[10.38 a.m.]

**ANDREWS, Mrs Iris, President, Newcastle Branch, Union of Australian Women****MAWDSLEY, Mrs Betty Elaine, Secretary, Newcastle Branch, Union of Australian Women**

**CHAIR**—Welcome. Perhaps you could give us an overview of your submission and point out the things which you think are particularly important. We will discuss them until about five past 11, or thereabouts.

**Mrs Andrews**—We have come, from my point of view, to point out some of the real problems people are having, especially for me in the 35- to 40-age group.

**Mrs Mawdsley**—I would like to apologise for Beth Moran, who we were hoping would be appearing here today. Beth works for Telstra and did put in a submission to the committee. She applied either to have a day off that was owing to her or to be allowed to take a day off her holidays, but this request was refused. So, unfortunately, we will not have her here to answer questions on her submissions.

However, she did reiterate that the retraining of Telstra employees was very difficult to access for country women because the seminars all take place in Sydney, and operators had difficulty in convincing local managers to allow time and money for their attendance at these seminars. From the inquiries Beth made, she could find nobody who attended the retraining from the country areas. Linda Forbes also put forward a submission from the metal workers. Unfortunately, she has an appointment with a specialist today. She emphasises that when seeking employment it is easier for the young, unattached women to move out of the area when they are seeking new employment.

**CHAIR**—Before you go on, could you explain to us what the Union of Australian Women is. I do know the answer, but it is important that we have it is on the record.

**Mrs Mawdsley**—It is not a trade union. It is a union of women that has a number of members of the trade unions in the organisation plus housewives like ourselves. Our interest is in the welfare of women and their families, the status of women and also better living standards. The Union of Australian Women is very concerned about the lack of employment for mature age women. We ask the following questions. Are governments really concerned about finding employment for mature age women or would they like times to revert to the 1950s and 1960s when married women were not accepted as part of the work force, bearing in mind most mature age women are married or have been married and are now divorced? In those times, we in the UAW fought for the right of all people to work if it was what they wanted. But since that time, it has become a necessity for many married women to supplement the family income in order to obtain a decent standard of living for their families.

Since that time, there has been a break-up of many more families and many mature age women divorced or separated from their husbands would dearly like to find employment to support themselves and their children rather than being dependent on government payouts. But the jobs are just not there. We would be interested to know the statistics of the number of those women who received retraining through the CES and TAFE and how many of those women have found employment following their retraining.

Numbers of women in the past have worked in the manufacturing industry, which seems to be disappearing all over Australia. There does seem to be a concerted effort by governments to phase out these industries in favour of importing these products from overseas because they can be bought cheaper overseas. But this is because they are imported from Third World countries where the people's labour is exploited by big business paying these people a pittance for their labour.

In the hospitality industry, despite the antidiscrimination laws that exist, there is evidence that the younger women in this industry are shown preference at the time of employment. This has been stated to me by the Australian Liquor and Hospitality Union. In the Union of Australian Women it seems to us that there is a need for more vigorous enforcement of the antidiscrimination laws. With regard to the manufacturing industry, we feel, where there are legitimate cases where factories are in need of assistance in order to keep their workers in employment, governments should be prepared to play a role to give this assistance and there must be legislation introduced to protect these workers' entitlements if the only answer is closure of the factory.

**CHAIR**—Thanks very much, Betty. Do you have anything to add, Iris?

**Mrs Andrews**—I suppose this is relevant. My concern is about women between 35 and 40 years of age. I know a number of them. I have a daughter who is 35 now, and a number of her friends want to work. In my daughter's case, she is now a divorcee and there are problems all the time over maintenance with her ex-husband who gives away jobs so he can go on the dole and not pay maintenance. That makes it hard for these women. The point is that when these women are married, before there is a break-up of the marriage – and they



are on an average or low income – they want to be retrained. They think, ‘This may all of a sudden blow up. He could be out of work tomorrow.’

There is a lot of evidence of that in Newcastle. They would like to train for something, but they cannot, because they have high school kids or kids who are going to primary school and they cannot afford the fees. My daughter is now in a position where she is doing a TAFE course because she is receiving government benefits. But these married women want to get back into the work force because their wages do not keep a family today. One man's wage does not pay the mortgage or for all of the things that have to be paid. I am concerned that something be done about providing lower cost training for women who want to go back into the work force but who cannot because of economic problems.

939

In relation to mature age women who do not have any experience at all, even in the retail sector now one particular retailer used to prefer married or older women because they were always there. Now what is happening in a number of them – and this applies out where I live at Glendale mall – is that schoolchildren are doing the jobs. When they knock off school they go and do the jobs on very small wages. Those openings are no longer there for mature age women. Something has got to be done in relation to training these women who cannot afford it but who are not on social security. That is just one point.

**CHAIR**—As we have gone through the process of this inquiry, we have heard that men are much more reluctant. For example, if they have spent 20 or 30 years working in a particular field, they are very reluctant to take a job which they think is beneath them. If they have worked in the finance area, for example, they do not particularly want to go out and do some manual work, or they are very reluctant to have three part-time jobs. We have been told that women on the other hand are basically prepared to do anything. Have you had experiences here with women being forced to take up very low paid jobs because perhaps men will not do it?

**Mrs Mawdsley**—I do not know about the women, but in answer to your question about men, I have a son-in-law who worked for Telstra and was made redundant. It took him 12 months to get a job. He was prepared to get a much lower type of position, but they told him that he was not suitable because he was too well trained and this happens repeatedly when people are highly trained. The employers are not prepared to take them on. I have not heard of any woman taking a lower position.

**Mrs Andrews**—It is around the area where I live, that kind of suburb. You get women who are desperate financially and, sadly, I do not think government realises how bad the unemployment figures really are. I am quite sure they do not. If mum and dad are working and all of a sudden mum is out of work, but dad is not, she is not claiming unemployment benefits. They are wrong; figures are incorrect, so very much so. Women I know around my daughter's age will do just about anything to get some extra income and they will do anything to get away from Centrelink. I can vouch for the problems from Centrelink. My daughter – and she is not the only one because this happened to two of her girl friends – had to put in a form. I went with her in the car, but because I have a crook back and knees and I do not climb up stairs very well, I sat in the car. She went in and the next thing you know, she is off; no money. The form did not go in. That happened on two occasions and on two occasions I was with her. These are the sorts of problems that women are having too who are relying on social security.

**Mrs Mawdsley**—And on two occasions somebody just had to ring through – no evidence – and say, ‘She is living with somebody,’ and they immediately stopped it with no investigation.

**Mrs Andrews**—Yes. The point is that the computer is right. The human element that works those computers is absolutely blameless. There are so many problems out there, and especially for women rearing children on their own it is very difficult. As I said, jobs that they could have got – perhaps a casual job at Go-Lo, Franklins and some of those other places – are not there any more. There are kids doing them. It is really hard.

**Mrs Mawdsley**—Women who are in need of full-time employment now find it very difficult to get any full-time employment. All employment these days seems to be either part-time or casual. At Grace Bros, for instance, my daughter works full time – because she has worked for them for a long time – but anybody that they employ from here on is part time or casual; they will not employ full-time staff. Part-time work does not keep a family.

**Ms GILLARD**—During this inquiry we have had a lot of people speak to us about employer attitudes towards mature age workers, particularly in the areas that you have pointed to like retail and hospitality where there is increasingly a view that there needs to be a young face. Do you think it would be of any assistance for government to try to finance or construct an education program for employers about the benefits of older workers – we have seen some of that kind of publicity as a result of the Year of the Older Person – where there could be more focus, particularly in the retail and hospitalities areas, to try to change some attitudes?

**Mrs Mawdsley**—I think that would be very helpful, because these days when we are talking about mature age women we are talking about 30-up. It sounds ridiculous, but that is the position these days.

**Ms GILLARD**—Thank you.

**Mr WILKIE**—I wonder whether many of the people that you deal with would be eligible for Job Network outsourcing. Would they be registered as long-term unemployed, for example, and have access to case management type services or would they be people who might be on a single parent income benefit or something like that?

940

**Mrs Andrews**—Some of them are.

**Mrs Mawdsley**—Yes.

**Mrs Andrews**—Others where they can be government supported – my daughter is one case. She is government supported and can now go to TAFE, but believe you me, although you get X amount of dollars from government – I think it is \$150 – to start you off, with the cost of the textbooks alone there just is not enough. They are sort of robbing Peter to pay Paul, and so they still have to pay for some of that and they really cannot afford it.

**Mr WILKIE**—Would they have previously accessed courses at places like Skillshare, which no longer exist?

**Mrs Andrews**—A son and some of his friends did that sort of thing and they never ever got jobs out of it. I know a young girl – I do not know how many courses she did – who could not get a job out of it. That is the way it is. You are either underqualified or overqualified today.

**CHAIR**—Iris, does your organisation provide any practical assistance to women to help them get jobs, or is it simply something amongst a number of issues about which you are very concerned?

**Mrs Andrews**—Yes, it is one of a number of issues that we are very concerned about and it is one that comes up continually.

**Mrs Mawdsley**—None of us have the money to.

**Mrs Andrews**—Yes. Somebody will say ‘My daughter or my son or this one’ and people that I know come and talk to me about their problems and things like that. As I said, these are real problems. These are not airy-fairy problems. Somebody sitting up in Parliament House saying, ‘Goodness gracious me, I know where my next meal is coming from, I do not care where yours is coming from,’ is a very bad attitude. But that is what it is all about today – I am all right, Jack.

**CHAIR**—Julia referred to the attitudes we have, as a society, to older people generally but particularly in the employment area. Apart from the Australian Chamber of Commerce and Industry, there seems to be a widespread acceptance of the fact that there is discrimination against older workers for all kinds of reasons. What would you suggest to the government and perhaps to employer organisations would change the way we think in this regard?

**Mrs Mawdsley**—I think what Julia suggested is about the only solution: to try to educate the employers into the value of mature age women. As the woman from the hotel liquor trades said to me, in the hospitality area preference is given to younger women working at weekends even though younger women are not particularly reliable when it comes to weekend work because they want to be off enjoying themselves. The mature age woman is prepared to settle in and do weekend work but preference is still given to the younger woman even though the reliability is with the mature age woman.

**Mrs Andrews**—I was just looking at some figures here from the Hunter Valley Research Foundation on the number of unemployed women from 35 to 44 years of age. Where others ranged from 1.8 per cent to 2.8 per cent in that category, it is 3.6 per cent here in the Hunter, which is very high.

**Ms GILLARD**—Does your organisation play a role in spreading information about people’s entitlements amongst your members or more generally – where they can go for assistance, where they can go for employment assistance? Could you describe that function to us?

**Mrs Mawdsley**—We have a bimonthly news sheet which we send out regularly to our members to give them as much as information as we can.

**Ms GILLARD**—And that goes to questions of dealing with Job Network providers and Centrelink – those sorts of issues?

**Mrs Mawdsley**—From time to time.

**Mrs Andrews**—From time to time, yes.

**CHAIR**—Is there anything else you would like to say to us?

**Mrs Andrews**—I have left all my notes in the car. I do not think there is anything else at the moment that I can recall.



**Mrs Mawdsley**—Apart from employment, I think there has to be a great deal done to improve the position for women who have to go to Centrelink. Iris's daughter has her mother to fall back on, but lots of women with children have nobody to fall back on and they must really be suffering.

**CHAIR**—It might seem like an odd question to ask you, but there are still some people in Australia – certainly, I have contact with them from time to time, I regret to say – who resent the fact that women work. Your organisations obviously exist for lots of reasons and one, of course, is to try and counter those sorts of attitudes. In areas where you have lower levels of employment – for example, in the Hunter, where you have around 10.3 per cent unemployment – do you still strike attitudes from people who say, 'The men should be working and the women shouldn't' – that sort of thing?

941

**Mrs Mawdsley**—You strike it from men. I have been told to get back to the kitchen on a number of occasions.

**CHAIR**—There is always the unusual person out there but, apart from that, is it still a widespread feeling?

**Mrs Andrews**—I do not think it is anything like it used to be; I really don't. I think a man can feel, 'I am going to work tomorrow, but am I going to work the next day?' If his wife can get a job while he is a househusband for a while, that is one thing that has changed the whole attitude.

**Mrs Mawdsley**—These days some women earn a lot more than their husbands.

**Mrs Andrews**—That is right – and some a lot less.

**CHAIR**—Thank you very much for coming today. We should also thank Kelly Hoare, the member for Charlton, for suggesting that you come before us. It has been very helpful to us. Kelly is a very good advocate down in Canberra for the things that you are concerned about. I can tell you that, even though I am on the other side. If you have any other ideas or suggestions you would like to put to us, please do not hesitate to write to us, and we will certainly take them on board.

942

[11.01 a.m.]

**DENNISS, Mr Richard, Research Associate, Centre of Full Employment and Equity, University of Newcastle**

**WATTS, Dr Martin, Deputy Director, Centre of Full Employment and Equity, University of Newcastle**

**CHAIR**—I welcome the two representatives from the Centre of Full Employment and Equity from the University of Newcastle. Would you give us a precis of your submission and emphasise to us the things that you think we ought to be particularly concerned about, and then we will discuss it.

**Dr Watts**—Thank you for the opportunity for making a submission. The material I am going to present draws from a paper which we presented, which is an item that has been submitted to the committee. The federal government has placed micro-economic reform at the centre of its policy agenda. Micro-economic reform has made a direct contribution to regional unemployment through employment reductions in rail, electricity, water and telecommunication services – that is, through national competition policy. Labour market reform is supposed to reduce the natural rate of unemployment, yet it is well known that there is significant disparity in unemployment rates across regions that are subject to the same institutional and legal structures.

The federal government reform of labour and product markets is founded on the assumption that workers are mobile between regions and also firms are equally mobile between regions and this process will bring about some sort of convergence of unemployment rates. Of interest is the fact that rates of mobility are not significantly different in Australia as opposed to other countries. The question has to be asked as to whether higher rates of mobility would be desirable anyway for older workers. Given the resulting breakdown in social networks – including informal child-care arrangements and care of the elderly, to name but two – and the difficulty that older workers have in selling houses in declining regional areas, there are uncertain returns to mobility, given the increase in non-standard employment. A final consideration is the fact that older workers have limited returns to mobility because they have a shorter employment horizon. Certainly if there are very high rates of out migration in response to high unemployment in particular regional areas, then there is the problem of cumulative economic deterioration of those regional areas.

We argue that labour market reform per se cannot direct jobs to specific regions or age cohorts. If a particular age cohort is made more attractive – and here, of course, we are talking about mature age workers – say through wage subsidies or additional training, jobs will tend to be redistributed, rather than created. So, while this week we have a concern with mature age workers, maybe in a month's time we will be concerned with prime age workers and the problem of family breakdown and so on if they lose their jobs and cannot get re-employed. So one simply cannot address the issue of problems for a particular age group by directing attention specifically at that age group; one has to take into account the fact that it is going to have repercussions for other age groups as well. The solution to problems of unemployment generally – and for mature workers in particular – is targeted job creation based on the social and economic needs of regional areas and taking into account the stock of skills and potential skills of workers through training.

**CHAIR**—Do you have anything else to add, Richard?

**Mr Denniss**—I have some points of emphasis. It is very important to realise what Martin said about the redistribution. The women who were speaking earlier were talking about the advantages of, say, advertising to employers why it is good to employ older workers. I am certainly not advocating that it is bad, but at the same time we, as a society, are concerned with youth unemployment. So, if we do want to discourage employers from employing school kids or people in their early 20s on their way through higher education who are after work because they do not have access to Austudy in the way they used to, and if we do encourage them to employ the older workers, we have to realise that we are simply shifting a problem. It is important to be quite clear in distinguishing the fact that, yes, older workers definitely do have labour market problems. But a solution to their labour market problems should not be the cause of other problems for other cohorts.

Secondly, I think it is important to emphasise the reliance on current policy in Australia to reduce the overall unemployment rate as being focused purely on things like labour market reform. What our submission, in terms of the whole paper we have put to you, really goes into detail about is the fact that, if we are worried about things like unfair dismissal legislation and if we are worried about increasing the flexibility of the labour market – the enterprise bargaining, et cetera – the argument is that, if we can improve those things, we lower the unemployment rate. Every region in New South Wales has exactly the same institutional arrangements at the moment – identical unfair dismissal legislation, identical enterprise bargaining legislation – but in your electorate the unemployment rate with those institutions is around two or three per cent; those same institutions generate unemployment rates of 10 per cent here and 14 per cent further out west. The claim that the reason

unemployment rates in Australia are high is purely because of institutions and by changing those institutions you will fix it runs completely contrary to the fact that those same institutions allow the unemployment rate to be as low as two to three per cent in areas of Sydney. There are obviously other causes of high unemployment in our area. Some of those causes are going to be skill shortages and some of them are going to be a lack of investment, but the point is that, if you want to reduce unemployment, you have to really address those specific things, and not just institutional change.

943

**CHAIR**—Can you expand on your view as to why industries or businesses are reluctant to relocate to regional areas generally and areas of high unemployment specifically? The corollary, of course, is there in what could governments do to obviously assist that problem.

**Dr Watts**—In broad terms it is an infrastructure problem, whether it is the physical infrastructure, problems of transport or communications – although obviously communications have changed dramatically in the last five years – or, more particularly, in terms of labour resources. If you have got a low wage, low skill area these days, that is not the sort of area an employer is attracted to. The wages may be low, but of key importance to employers of course is the capacity of their workers to undertake the tasks that they require.

In broad terms, those are the sorts of problems that a potential employer faces in relocating to an area which would seemingly, from a very narrow economic perspective, be an attractive area. Regarding appropriate policies to push employers out into high unemployment areas, I cannot claim great expertise, but I think that decentralisation policies should be examined.

**Mr Denniss**—There are lots of issues and the first one perhaps would be why the public sector refuses to employ people in these areas. The classic example occurred here in 1992, but I could be wrong, and that was a commitment for the Maritime Services Board to move its headquarters from Canberra to a port city, Newcastle. A lot of money was spent on fitting out a building, it was all going ahead, and at the end of the day it did not occur. I am not sure why. When at the end of the day the public sector is reluctant to take a major headquarters and park it somewhere else, it may be that similar reasons for this reluctance, which you might understand better than I, exist in the private sector.

Another issue would seem to be the fact that if firms and the public sector are reluctant to move to areas where rents are substantially cheaper, there is no traffic and there are lots of reasons why you think it would be attractive, given those quite significant financial benefits, presumably they are just as insensitive to moving if wages are slightly lower. You have to consider that today we are talking specifically about older workers. Young people tend to move towards cities for many reasons, so firms that are looking for a mobile pool of labour might find it easier to centralise in a major metropolitan area. The reason there has been a trend away from regional employment could be the contemporary management trend towards centralisation and not having regional headquarters and spread out distribution chains. Firms today would prefer to have a headquarters, warehouse and high transport costs rather than the other, so that might be another factor. I think it is important to ask why the public sector is reluctant to save a lot of money on rent and create a lot of employment directly – high skilled employment as well – in areas that need it.

**CHAIR**—There are enormous changes being worked into our society. Your paper addresses a lot of those things. The submissions we have received from here and other regional areas basically reflect a contraction in manufacturing, commodities, mining, primary industries and so on. Whilst they will continue to be important, as the economy changes more across to a services sector and knowledge based industries, what sorts of things should governments be doing to try and nurture those emerging industries in regional centres?

**Mr Denniss**—There are two dimensions to the problem. If you accept that these fundamental changes are occurring, I think the government, in its design of policy, needs to make that far more explicit – that it accepts that these changes are taking place and that it is unlikely for some people who, having lost a job in the manufacturing industry after working in it for 30 years, will find themselves a job in a high-tech booming industry somewhere else. If we accept that there is this substantial structural change, we should be far more sympathetic to people who lose their jobs in this kind of restructuring, rather than just saying, ‘Bad luck. This is the 1990s or the year 2000. It is time to retrain and pick yourself up. It’ll be all right.’ The exit probabilities from unemployment, particularly for older workers who used to work in the public sector, are very low and if they do exit from unemployment it is usually either out of the labour force altogether or into lower wage employment than they were used to. When we talk about retraining, we are not retraining them; they are deskilling. They are accepting the fact that they lost a good job and are asking whether they can find a bad job.

I think the first thing the government can do about what to do in a rapidly changing world is to not imply to the people who have been adversely affected that it is easily fixed. In an attempt to directly answer your question – what can the government try to do about it? – I think it needs to be far more serious about actively training people for work that they can expect is going to be created for people like themselves in areas like their own. I think it is insulting to say to somebody, ‘Okay, you have just lost a job in a textiles mill in

Rutherford. Retrain.’ As what? What advice is the government giving to these people, saying, ‘We expect that in this area these are the industries that are growing and we suggest that, if you enrol in this kind of program which we are offering, this would be the best thing you could do.’?

944

It is saying to people who have spent 30 years working in a textile factory, ‘Well, just go out there and use your labour market skills to project five years into the future and figure out what the best thing for you to do is.’ I think the government has got a very important role – and it used to play this role far more actively – in simultaneously looking at how particular labour markets are evolving and designing training packages to suit that, and then giving them to people who need them.

**Dr Watts**—It is also worth keeping in mind that the public sector has a role in terms of employment creation directly, in addition to facilitating the transition of workers between industries. Certainly, central to our paper in terms of policy is the fact that there are enormous unmet social needs, both in regional areas and in metropolitan areas, which the private sector is never going to meet, quite simply because it is not profitable. The government has really got to become more active in terms of direct job creation, because certainly our standard of living is not confined to our private consumption. It is very much a product of the environment within which we live, and that means the physical infrastructure which can be improved – better roads, overcoming some of the environmental problems, urban facilities, et cetera.

**Mr Denniss**—And social infrastructure.

**Dr Watts**—And social infrastructure, too.

**Ms GILLARD**—Thank you very much for your paper. It is useful to have introduced into this discussion the spatial impact of unemployment. I just know about that in an electorate like mine. It is an urban electorate, but you can be in Werribee where the unemployment rate is at the national average and go 20 minutes down the highway and be in Sunshine where the unemployment rate is consistently more than double the national average. It is a region of high economic activity, so it is not that there are not jobs there. It is just that those people are not accessing those jobs for cultural and skills deficit reasons. To have all that analysis introduced is good. I was not so thankful for the reminder of my past of studying statistical method and econometrics. I have tried to leave it behind me.

Given we have had inserted just before Christmas into the public debate on unemployment by the Treasurer the concept that wage rates, and in particular decreasing wage rates in regional areas, could assist with fixing unemployment problems in regional areas – and I am sure you followed all of that – I would be grateful if you could explain for the benefit of *Hansard* as simply as possible the regression and wage curve analysis that is on page 9 of your paper, and the comparison that leads you to do with labour mobility in the states. I specifically ask that because, despite many inaccuracies, it seems to be a continuing theme of our public policy debate that if we mimicked American public policy we would mimic American unemployment rates. I think it is fairly important to get the labour mobility issues and the comparison with the States clearly on the record, if you could describe that.

**Dr Watts**—Firstly, there is not a significant difference in rates of mobility between the US and Australia. This evidence comes from some Reserve Bank economists. It is not to say the nature of the response is the same, but certainly there is not a distinct difference in sensitivity of people to prevailing circumstances – sensitivity in the sense of whether they move or whether they do not.

Secondly, wages do not seem to be a major consideration. Specifically, DeBelle and Vickery make the point that a change in relative wages is not going to do very much. From the point of view of the Treasurer’s statements before Christmas that maybe we should be having a bit more wage flexibility so we could have lower wages in regional areas, that to us would be very counterproductive. The analysis that we undertook in the paper examined the relationship between average wages and unemployment rates across regions. The orthodox economic view would be that high wage areas have high rates of unemployment but, of course, the evidence is the opposite: that high wage areas have low rates of unemployment and, obviously, low wage areas have high rates of unemployment.

Our concern here is that firms are not going to be terribly sensitive to further downward adjustments in these low wage, high unemployment areas. In terms of the economic functioning of those areas, it is going to actually reinforce this downward spiral because lower wages in these areas is going to tend to reduce consumption power and therefore threaten the livelihoods of local businesses who depend on local consumption demand for their survival.

So we see the process that we are already observing of real polarisation between high income, low unemployment areas and low income, high unemployment areas being reinforced by any attempt to make

wages more flexible. I do not know whether that completely answers your question, but it draws on some of the issues you raised.

**Mr Denniss**—There are other implications associated with a policy such as that proposed by the Treasurer as well. You mentioned the fact that we brought space into this analysis. It is also very important to introduce time into the analysis. Quite oddly, perhaps, usually economic analysis ignores both of these important dimensions of our lives.

945

By 'time' I mean: how do people adjust to these kinds of policies? If you lower the wages of workers in the bush, you have to say to yourself: okay, I am a regionally employed person and my wage has just been lowered 15 per cent. If I consider myself one of the most skilled workers in my region and I can now get 15 per cent more money simply by moving to Sydney, then I am going to consider it and probably especially going to consider it if I am young and more mobile. So who are you leaving out in these areas? You are going to leave the lower skilled people. A couple of years down the track, an economist will do an analysis that clearly shows the reason that people in regional areas get paid less is that they are lower skilled than their city counterparts.

So I think you have to be very careful when taking an existing problem, which really is a booming Sydney, when you are talking about New South Wales, which is drawing in a lot of workers and a lot of mobile, high skilled workers particularly. If you build that in by saying, 'Well, let's reinforce that with some institutional requirements that people in country areas can now get lower paid,' at what point in time do you think that that will ever work its way out? If there is any possibility for working its way out, it is not going to be by enforcing it through legislation because, like I said, you will encourage the higher skilled regional workers to leave.

Secondly, you have to think about how firms who are now working in regional Australia and have access to lower wages than previously will respond: 'Do I buy the new piece of capital equipment which means I can make my workers more productive or do I stick with my old capital equipment because labour is quite cheap?' Presumably, it tips the balance in favour of not investing in new technology. So once again you are building into this process the fact that employers in these areas are going to rely on different production techniques. They are not going to implement new labour saving devices in terms of increasing productivity.

And at the extreme, if you look at how a road is built in Australia and how a road is built in a Third World country, it is a very clear reason why someone seeking to build a road as cheaply as possible looks at the wage costs and figures out what the most efficient way to do it is. You do not give thousands of people shovels in Australia to build a road. By allowing firms to pay less to their regional workers you are also assuming that they will respond by lowering the productivity of the work environment for those people. Those kind of issues are completely consistent with the Treasury model of how the labour market works but those implications have not been discussed at all.

**Ms GILLARD**—And it is also assuming that the out migration of firms, say from Sydney to regional New South Wales, would occur just because of the wage differential which implies that they are in a low value added activity if wage costs are so predominant and it is unlikely that our future lies with those sorts of firms.

**Mr Denniss**—That is right. As I said before, the rents are already substantially cheaper. If firms were just chasing small cost advantages it is almost impossible to explain why you would have a headquarters in Sydney and a warehouse nearby. You can save a lot of money moving to regional Australia. Economics or simple cost analysis is not explaining this. There are obviously psychological factors associated with being in a big city or being near your competitors or customers. I do not know why. But simply saying that lower wages will fix it does not take any of those important factors into account.

**Ms GILLARD**—On the particular point of focus of this inquiry, you mentioned in your opening remarks that government has to be careful of creating displacement effects by focusing on one group of disadvantaged workers vis-a-vis another group of disadvantaged workers and that some of those things are cyclical and politically driven. I accept that a lot of that is right. There has been so much evidence before this inquiry of overt or covert discrimination against mature age workers for no rational reason, just because they are mature age. If through government education or some other mechanism you could eradicate that prejudice, that really does have to be a desirable public policy goal, and also, if you are looking at the labour market, something that would promote efficiency so that employers are not making hiring decisions on irrational grounds as opposed to rational grounds. Do you have any comment about that?

**Mr Denniss**—Yes, definitely. If it is demonstrable that there is discrimination against any group in society, I think governments should do everything they can to actively remove it and to encourage people against it. Please do not interpret my comments as saying, if there is discrimination against older workers – I suspect there is – that government should not do everything they can to redress it. My comments earlier were more directed at the fact that we should not think we are going to solve the unemployment problem by reducing discrimination against older workers. What we are going to do is redistribute the unemployment problem



towards another group in the labour market. Removing discrimination against older workers does not increase the number of jobs available; it simply encourages people to look more closely at another cohort of workers. It is certainly not fair for older workers, or for any group in society, to currently miss out on what jobs are available because of the existence of discrimination. Getting rid of the discrimination increases the equity in the labour market, but that is still going to be a labour market that has high levels of unemployment and proportionately other groups are going to have higher levels of unemployment. There are two entirely separable effects: one, is there discrimination in the labour market and, two, will removing discrimination against one group in the labour market reduce unemployment? I certainly do not think the latter is true. All I am saying is that the government should be aware that, by removing discrimination, it can expect problems to emerge elsewhere and it could not then act and look surprised when that occurs.

946

**Dr Watts**—As far as the legislation itself is concerned, the discrimination legislation is pretty weak. It is complaints based. There is room to tighten it up which will benefit all groups – women and racial minorities as well as older people. One suggestion that was made over 10 years ago was that firms keep essentially an audit of their hiring decisions and also publish – or at least give to the applicants – the qualifications of the successful applicant. Indeed, the relevant agency should be able to go around and do an audit of firms' hiring behaviour over a period of time. Of course the response of firms to that sort of proposal would be, 'It is more paperwork.' But it seems to me nowadays that firms keep very careful tabs on their costs and they have got detailed software programs to do all that. There is nothing wrong with being equally scrupulous as far as their hiring practices are concerned.

The suggestion came up apropos of a study that was done using a technique called correspondence testing whereby it was shown that a lot of people get rejected prior to interview. Of course at that stage in the hiring process they have no idea whom their competitors are for the job and so really they have got very little recourse if they think they have not been interviewed when they should have been.

**CHAIR**—If I can pick up on Richard's remarks there, I agree with you – and in fact our committee is not about trying to introduce some sort of positive discrimination in terms of mature age workers at the expense of other parts of the labour market and particularly young people – but if you actually go back to the text of your paper and us sitting in a regional centre, which is a microcosm of what is happening right across regional Australia, when a person who is 50 with three kids loses his – usually his – or her job, they have got dependent children to support, increasingly dependent ageing parents and are, as you have pointed out to us, less mobile in the labour market than someone who is 17 or 18. So, from our point of view, any person who wants a job who cannot get a job is a tragedy, not just an economic one but a human and social one, but it is compounded much more for people in this age group. Then, of course, we are looked at the collapsing age dependency ratios and changing demographics in the country and looking at how, amongst other things, we are going to have to change our attitudes towards work generally and the participation of older people in the labour market if we are going to be able to meet our social infrastructure obligations two decades from now.

So there are lots of reasons why we need to very much focus on this particular age group. In no way are we trying to be provocative, but from our point of view there are very real reasons why we actually have to look at this group of people, a lot of them, other than just the basic disaster of a person who wants work and is not able to get it.

**Mr Denniss**—As I said, I am certainly not opposed to trying to ensure that older workers get access to as many jobs as they possibly can. But I think coming back to what governments can do, the main point of our paper is that none of the policies currently being discussed have any hope at all of directing employment towards any particular cohort. If you have a preference for employing older people, if you have a preference for employing regional unemployed or if you have a preference for employing anyone because of the very real reasons that you just outlined – there are equity reasons; there are enormous environmental reasons why not letting Sydney grow forever is a good thing; there are lots of regional arguments why you want to encourage employment there; and there are lots of social reasons why you might want to encourage employment in people between 45 and retirement – labour market deregulation will not provide it and national competition policy will not provide it – in fact, it is the major cause of it.

If you feel it is important to have mechanisms in society to be able to ensure that groups that you feel are in particular danger of not finding work want to get it, then you would have to consider fundamental change in the contemporary focus of labour market policy because everything that is being discussed today is about how governments can have less influence on who finds jobs and it is quite clear that the markets have preferences for particular cohorts of people. Are those preferences based on some unmeasured skills differential or is that preference just flat out discrimination for young people rather than old – I don't know?

If you and I decide that we would like to see mechanisms to ensure older workers can get jobs, you will not find them through increased labour market deregulation. Ironically, what is usually held out as the saviour for

the regionally unemployed and unemployed older workers is, 'Trust us. A lifting tide will raise all boats. What we need to focus on here is fundamental reform and economic growth and that will fix it.' What I would say to you is that the opposite is in fact true. These are the groups who are most likely to miss out on this expansion and, worse, one of the major causes of their current misfortune is previous policies. When you sack thousands of postal workers or thousands of electricity workers, I know who they are; they are the older ones. That was the way we were getting economic growth throughout the 1990s under both previous Labor governments and the current coalition government. Contemporary policy in Australia says, 'Growth is all that counts. If you can get growth by sacking tens of thousands of former public sector workers, then that is a good thing.' We are telling you that the people who are losing their jobs are the people you are saying you are concerned about and that the consequences of them losing their jobs, slightly lower electricity prices and some economic growth, are not going to flow back to them. So if you are concerned, my point is that deregulation is of no use.

947

**Ms GILLARD**—If you were Prime Minister tomorrow, what would you do? You would have to buy an Akubra; that would be required. If you wanted to make a real difference to this cohort or more generally, what would you say would be the things that government should do?

**Mr Denniss**—I think if you want to solve this problem in the short term, you need public sector employment. That could be redirected public sector employment by picking up some large public sector bodies and setting them up where there is currently higher levels of the people you are concerned about or it could be identifying the new needs that Martin was talking about and saying, 'Look, we have kids out here in these regional areas who have no access to computers and they are not getting the same level of education, so let's have special whatever.' Why not increase social infrastructure in the areas that you are concerned about, employing the people that you are concerned about, rather than saying that if we have another 10 years of economic growth, we will not have problems. By the time we have waited 10 years, for the people you are talking about, it is too late.

**Dr Watts**—Economic incomes are clearly getting more polarised. This has been the trend. What is interesting – and, in fact, our centre is putting in an application to do some work on this at the moment – is that this trend to widening polarisation, whether it be polarised unemployment rates, wages rates, or wealth et cetera, does appear in the US to be starting to abate and may even change now that the labour market is humming along so fast. This really takes us back to our central point that employers can exploit all sorts of prejudices and preferences in a slack labour market and we do have a slack labour market. Once the labour market is tightened through job creation policies et cetera, then employers are not in a position to indulge any discriminatory preferences they have. It seems to us that, as Richard said, labour market deregulation and other forms of deregulation are not going to work. Job creation in specific areas, such as regional areas, really is the solution.

What is the other solution to somebody who is 50 and loses their job in a regional area and has no obvious means of re-employment? Training? Free gratis training is all very well, but unless it is very much linked to manpower planning which Richard alluded to earlier, then you can just get churning, with people just moving through different training programs, and that is a very inefficient practice. A much more efficient practice in respect to training, is that firms, because the labour market is tight, have to train their workers and they have to train them in the sorts of things that are vital for the firm's functioning. Then you have got true efficiency in investment in training.

**Mr WILKIE**—I could not agree more with the statements you have made, to be quite honest. With respect to the Job Network program that was introduced in 1996, what impact do you believe that has had on the labour market, particularly with the withdrawal of so many of the programs that were there before?

**Mr Denniss**—I think, since 1996, there has been a very substantial reduction in active labour market programs, and these are exactly the kinds of programs that we are saying are the most effective. Not only did they provide specific training, they provided specific training for an ongoing job at the end of it. 'Ongoing' might have only meant 12 or 18 months, but that is a much better foundation for looking for other work and, at the same time, what you have done is inject money into the specific economy that you are interested in. These people on labour market programs who are getting higher wages than they get on unemployment benefits are renting more videos and going to the shop more often and creating employment in specifically the area that you are concerned with. So definitely, I think, increases in labour market programs or the restoration of previous labour market programs would be a very important first step to redressing these kinds of policies.

At the same time, in terms of Employment National, it is quite unfortunate that the amount of information available and the current performance are really not sufficient to analyse it in any detail. What evidence there is is that the current regime is spending far less money on training than was spent in the old network. We often hear it is 50 per cent more effective or that more people are being employed than in the old system, but that is cyclical. The economy is growing more rapidly. I should hope that whatever system is available today is

placing more people in jobs than in 1991 in the middle of a recession or in 1994 when we had a slowdown in growth. To say that one system is putting more people in jobs than another is meaningless; there is a bigger population and it is growing rapidly. In terms of evaluating whether Employment National is helping these people or not, moving them out of regional areas and making it harder to communicate between areas and different centres has to be a problem. When you have one national centre that has all the jobs on the books instantaneously, that has to increase mobility, rather than having disparate regional centres that may have coordination difficulties. Secondly, you need much better information on expenditure and training to talk about whether or not this is an effective system. I have tried and I cannot find it.

948

**Mr WILKIE**—We have actually asked the department how much these network providers are putting into training and been told it is commercial-in-confidence, so that is something I myself want to get to the bottom of.

**Dr Watts**—I think there was a problem with the previous Labor government's labour market programs in the sense that they seemed to grow more or less without constraint and without careful consideration of the complexities job seekers faced with this whole array of programs. So I think some rationalisation was required. As I said earlier, one of the common criticisms of the labour market programs under the Labor government was the churning one – that people just got put through never-ending training programs. As far as the current semi-privatised employment service system is concerned, I think it is fundamentally inconsistent with the idea of employment services as a public good – in other words, job seekers should be able to access employment services which are not being provided on the basis of profitability. It seems to me to be quite ludicrous that we have this competition in employment services. Obviously particular organisations will try to hive off the most profitable parts – obviously subject to the tender system – but I do not think that leads to a coherent and thorough, comprehensive system of employment services across the country. I do not see how it can unless the government fills in the gaps, and clearly it is not with the problems of Employment National.

**Mr Denniss**—I would like to make one last point about that. I was interviewed recently about a scheme in Sydney where a range of restaurants and hotels were paying a \$500 bonus to their staff if their staff would bring in a friend to work and that friend stayed for three months or more. The fact that a firm is willing to pay \$500 to receive that simple employment placement service is simultaneously an indictment on the current system which used to provide employment advertising free to employers – employers now have to pay to place an ad – and, secondly, it builds in the current distribution of jobs. Rather than an ad being placed in a national agency where older people, younger people or people from outside the area can see that someone needs a waitress, this system relies on me finding one of my friends who, presumably, lives near me and presumably is my age. I think there is anecdotal evidence of the failure of the current system to provide very simple job matching and to communicate that information to different cohorts of people and to different regions.

**CHAIR**—But that also relates to the fact that the hospitality sector – chefs and those sorts of people – is very tight in Sydney at the moment. I understand the sector is in fact over 2,100 short and, because it is so tight, people – particularly young, mobile people – skip from one job to another. It may be due to that as much as to perhaps changes in the way that the system works.

**Mr Denniss**—But the \$500 bonus was for finding the person. The \$500 goes to me for bringing in a friend, not the friend for staying three months. So I think it is quite clear that they are paying for a matching service rather than paying a bonus for continuous employment.

**CHAIR**—Presumably, if you have a financial and a personal interest – in other words, you know the person and you have a financial interest in seeing them stay in that job for three months – you might be able to persuade them to, firstly, come and, secondly, stay there. But who knows? As you said, it is anecdotal. I know in my own area I get hammered all the time about the lack of chefs, waitresses and waiters and that sort of thing.

**Ms GILLARD**—I will also ask the Centrelink people this question when we speak to them later. With respect to the BHP closure, we have had written material given to the committee that says there were 2,000 direct employees who were the subject of specialist employment assistance services because of the magnitude of the job loss and 3,000 contractors who did not have access to that special program. Is your centre involved at all in doing any tracking research about what now happens with those classes of workers? It just seems to me that, if someone was doing that, it might provide some valuable information about the difference that the rollout of specialist employment services can make to labour market outcomes. The assumption in that – and I do not know whether it is true or not – is that the contractors and the direct employees are in some ways a comparable labour force. That seems to me to probably be right, but I will specifically ask Centrelink, the union and others whether that is actually right. Are you involved there at all or aware of anybody who is doing any work in that area?



**Mr Denniss**—I am not involved directly, although I think it is quite a good project. One of our colleagues, Moira Gordon, has for a long time been doing longitudinal studies, because whilst the last 2,000 BHP workers were quite symbolic, the first 18,000 to lose their jobs did not attract quite so much attention. So this process has been going on for quite some time, and one of our colleagues has done longitudinal studies of how they have fared, and previously, unfortunately, it is quite clear that they have not fared so well. I guess they are either accepting lower paid work or dropping out of the labour force. I think the example you outlined would be a very good way of providing information on the relative effectiveness or otherwise of these kinds of programs. It is probably too early in terms of availability of any data yet, and I do not think anyone is doing it yet, but I think it would be a very good thing to pursue.

949

**Mr WILKIE**—If you have got time to stay and answer some more questions, that would be great. I am very interested in your research. I am wondering if you have looked into any of the Job Network type services and if you have done any research in relation to issues like, as you mentioned, the lack of money being paid out for training. And have you done any research into the concept of agencies parking clients who are difficult to deal with, so that they can maximise their profits without having to worry about having services for hard to place clients? Have you done any work on that?

**Mr Denniss**—I have not done any particular research into it, although it is something I have been interested in for quite some time so I can give you some of my observations. The main observation is simply the complete lack of data that makes any systematic analysis of the performance or otherwise of the new system possible, keeping in mind that simple comparisons between number of people doing this now and number of people getting this a few years ago really tell you absolutely nothing.

From an economics of the labour market point of view, which is something that I have done quite a bit of research on, I find the rationale for the new system to be almost incomprehensible. As Martin said, if society considers employment placement to be a public good, something that is in everybody's interests and, similarly, something in which externalities exist – that is, something that happens to me has a positive effect on other people around me – then historically these things have been subsidised. Certainly it is quite clear that orthodox economic theory will say that when these kinds of public good or external effects exist, a market outcome just quite simply cannot generate the efficient outcome. In fact, orthodox economics assumes the reason markets are efficient is that public goods and externalities do not exist. There is certainly nothing contentious about this. It is quite explicit that when you say that markets generate efficient outcomes, you mean markets that do not have any externalities. Where everyone has access to perfect information, where there are no public goods and where all agents are rational, then markets lead to efficient outcomes – no problem: fresh apples, it works nicely. But we are not talking about that in labour placement; we are talking about people.

The entire existence of the whole employment services industry is based on the fact that people do not have good information. Otherwise you would not need these intermediaries. If you want the intermediaries to provide optimal amounts of information, then you have to have some quite explicit subsidies in there. So, from a conceptual point of view, I have real problems with assuming that the current system will work efficiently; not profitably – it might be profitable, but whether that is efficient or not we do not know. And the lack of data means that we are really all just talking in circles.

**Dr Watts**—The only thing I would say is that clearly there are financial incentives to do that sort of thing. In other words, given the structure of payments – I think it is under FLEX 3, which is the long term – you can get an initial payout for getting somebody on the books which is quite substantial, and then essentially do nothing.

**Mr WILKIE**—Yes. Subsequent payments are reliant on someone having been in a placement of work for a period of time.

**Dr Watts**—One cannot blame these providers for adopting a profit maximising type of strategy, but whether it is solving the problem that it is supposed to do is another matter.

**Mr WILKIE**—Thanks very much.

**CHAIR**—Thanks to both of you, Richard and Martin, for your work, which is extremely scholarly and well researched, and for making the time and the effort to come along and talk to us. It is very much appreciated. Personally, I do not agree with everything you said – you would be surprised if I did – but, thanks, it is greatly appreciated.

950

[12.01 p.m.]

**BOURKE, Ms Lyn, Business Manager, Employment, Disabilities, Youth and Indigenous Services, Centrelink, Newcastle**

**JOHNSON, Ms Debra, Business Development Manager/BHP Project Manager, Centrelink, Newcastle**

**SHELL, Mr Anthony John, Area Manager, Area Hunter, Centrelink, Newcastle**

**CHAIR**—Welcome. Thank you very much for helping us to rearrange our schedule. Please give us a precis of the Centrelink position, emphasising the things you think are particularly important. We will discuss it up to about 10 to 1.

**Mr Schell**—What I thought I would do is comment on some of the major features of the BHP exercise and contrast that with some of the other closures and activities which we have dealt with in the Hunter region. The BHP exercise was significantly different from most of the closures that we have to deal with in that we had two years notice that the closure was going to occur. There was also a program which has been worked out in cooperation with the unions and the employer which stretched over that period of time to help people make the transition from their employment with BHP to employment in other places, in other BHP sites and various other locations. We had plenty of lead time as Centrelink to work with BHP, the unions and the employees, on getting our services in place over that period of time to make the transition a little bit easier for everybody. It also gave us a longer lead time to address the issues the employees would face and were facing in making that transition. Some of the services which are not normally available in closures of other types were the welfare advice that was provided through BHP, the employment services and education services which BHP itself funded through the transition program as well. There was also access to financial planners and managers which the employer provided as well. So it was a comprehensive program which existed for quite some period of time. Employees had the option of taking advantage of the program or making their own choices of receiving advice. It made our job as Centrelink in assisting these people a lot easier because we were able to establish that cooperation with the unions and employees at a very early stage.

We provided a full range of services, as we would to any person seeking employment through that program. We adjusted pensions, benefits and allowances, determined eligibility for those services and assisted people with what were some significant changes in lifestyle. Some of the people we were able to help there were unusual in terms of the nature of the cases that we were dealing with. We had people who have long employment histories working with BHP who had employed a carer to look after their partner. They were faced with a significant adjustment to their life in terms of losing their employment, and we were able to assist them with arranging care arrangements in terms of carer pensions and things like that. So it was not just people looking for work, I suppose. The point here is that there was a whole range of social and personal issues which were involved with the employees.

By contrast, we have a lot of dealings with closures in mines, factories – and obviously, the National Textile issue, which is current – and also meatworks and so on, right throughout the whole Hunter region. The difference is that we usually find out about those closures as they are happening or a day or two beforehand, when word is around. We still attempt to provide the same services, and in 99 cases out of a 100 we are able to. The difference is that we have significantly less lead-time in which to be able to establish the infrastructure and make the necessary adjustments for those people as quickly as we were able to with BHP. So it is a lead-time issue. The people are no less well served; it is just the planning and the capacity that we have to be able to work with the unions and the employers is completely different. On many occasions we are often dealing with an administrator or somebody who is actually winding the company up.

So they are the significant differences between BHP and the other closures that we deal with. We attempt to be the one-stop shop for people in these circumstances. We will adjust their entitlements, and we will also make the referrals to the various agencies that can assist them if we are not able to provide that assistance ourselves.

**CHAIR**—I want to start with this whole issue of redundancy and dismissal. As we have gone through this inquiry it has become fairly clear that a number of the problems that people – particularly those in this age grouping – encounter in transition relate to the way in which they have been dismissed and the way in which the process has been managed. It is clear that the BHP Steelworks is probably the gold standard in this regard. The earlier the intervention, the earlier Centrelink and other government and non-government agencies are involved, including families, the more likely we are to have a better outcome. Do you think there is a place for some sort of code of conduct which seeks to formalise in some way, appropriate to the size of a business, what that business should ideally do as it goes through this?

**Mr Schell**—That would be of assistance. I think there are provisions already in existence for employers to notify us if there are more than 15 employees to be made redundant or there is to be a closure. Unfortunately, those provisions are not always observed or the contact is not made at the right levels in terms of that. I also think there are some commercial issues that would exist in terms of notification of an intended windback or closure as well too, so I do not know how you would necessarily balance those off with a requirement to notify if you are going to close.

951

**CHAIR**—Businesses which are making more than 15 employees redundant are required under the act to contact Centrelink. To what extent is that being complied with?

**Mr Schell**—In the closures that we have dealt with I have not been advised of those closures. But the staff that we have out in the field - our financial information service officers - have very good contacts with unions and some employers and do get that information unofficially.

**CHAIR**—Should it not be policed in some way? It seems pointless having something in an act if nobody is complying with it?

**Mr Schell**—We are acting. It is a delegated authority for us from the Department of Employment, Workplace Relations and Small Business.

**Mr WILKIE**—Is there any penalty clause there?

**Mr Schell**—Not that I am aware of.

**Mr WILKIE**—So it is a requirement, but it has no teeth?

**CHAIR**—Apart from Centrelink, what sort of agencies should be notified when a business is in trouble? And often the business itself is in trouble, of course; that is why it is all happening. What other agencies do you think should be involved in early intervention programs?

**Ms Johnson**—Just from what happened at BHP, it was very important that the Child Support Agency and people dealing with families as a whole are told that this is happening, because people's redundancy payments actually have an impact on what they have to pay for child support as well. We found that there were probably about 50 or 60 people at BHP whose child support was impacted on greatly by their payout. It was only luck that we realised that the Child Support Agency had a requirement of these people. It was just talking to them - to the men, in particular - that alerted us to the need for the Child Support Agency to be involved.

**CHAIR**—Can I just clarify that? If you have a child support liability and you receive a redundancy payment -

**Ms Johnson**—If there is some form of impact on that, yes, that must be put aside.

**CHAIR**—In other words, a proportion of that redundancy payment should be paid to the custodial parent.

**Ms Johnson**—Yes.

**Mr Schell**—Once we have found that out, we are able to get the Child Support Agency to come to our office at BHP and work with us there, making appointments to talk to people and that sort of thing. We learnt a hell of a lot from the exercise as well, and that has prepared us for similar things in the future. We will have an idea as to a broader scope of agencies that we need to alert, if they do not already know, and I think there are some community groups as well. In terms of the interaction of the employees, the circumstances would indicate to us that in their personal lives, as distinct from their work lives, if they have got a partner with a disability or something like that, there are other groups in the community who must already be working with them in providing care - child care and those sorts of arrangements. So the impact is quite broad across the community, depending on the scale.

**CHAIR**—A couple of things have come up this morning which are probably specific to your Centrelink. The Working Nation Cooperative mentioned that they are going to have a meeting with you in relation to a program called Preparing for Work. Can you tell us what 'preparing for work' means?

**Ms Bourke**—Preparing for Work is an initiative that we began at the end of October or the beginning of November. It was a different way of interacting with our job seekers when they come in. In essence, the information that we provide to our job seekers and the requirements that they have when they come to us have not changed, but we are trying to provide them with as many opportunities as quickly as possible to prepare them so that when they go to places like the Job Network for job matching or for intensive assistance - or if they need referral to other agencies in the community - we have given them an action plan to prepare for the best intervention in terms of getting them an outcome which, hopefully, will lead to work. It is really an assessment and an action plan that the job seeker agrees to and then a referral to wherever they need to go.

That is based on a one-to-one contact that we have introduced so that each job seeker or customer who comes in only has to tell their story once to one person. If I were to go into an office, I could always ask to see the person who has been allocated to me as my one-to-one contact person. That person gets to know my circumstances and hopefully that intervention is then more effective in terms of getting outcomes for the customer.

952

There will be times when a customer may come in and their one-to-one contact officer may not be available. Under those circumstances, they can ask to see somebody else or they may decide to come back at a time when that person is available – depending on what their inquiry is or what their needs are at the time.

**CHAIR**—The neighbourhood centre representatives – the Lake Macquarie Neighbourhood Information Centre people who otherwise spoke quite positively of Centrelink – said that something that had diminished their ability to look after their clients was that they are now required to go through the 1300 number instead of having direct contact with people with whom they establish a relationship in the Centrelink office. I can understand that. Certainly as parliamentarians we tend to get things done for our constituents because we have a direct relationship with someone in the appropriate bureaucracy. Is that a concern of which you are aware, and is it something that, at a local level like this, you can actually do something about?

**Mr Schell**—It is a concern to us, and we are aware of issues such as this. The 1300 numbers were intended as general inquiry lines specific to various customer groups. Where we have a need to deal with intermediaries or groups, we can make arrangements to do that. I am quite happy to follow up on that and put some arrangements in place for that to happen. It is an issue of whether people are acting as intermediaries or go-betweens for other parties who are our customers and whether they have the authority to act on that person's behalf. We would be extremely concerned to know that they do have that authority, and we would not discuss their circumstances without knowing that. We have to work through those issues first to be able to address that. There is no blanket ban on that type of activity; we are quite happy to do it.

**CHAIR**—I will ask Ms Chan then to notify in writing Valda Barton, the coordinator, and let her know what Mr Schell has said to us here. One of the other things we have encountered as we have gone through our inquiries is that older workers who have been displaced say, 'It is very intimidating going to Centrelink.' I know you have done everything you can to try to reduce as far as practicable those things, but they say, 'You go in there and you deal with a 25-year-old.' They feel demeaned enough being unemployed, often for the first time in 20 to 30 years, and they then go and speak to someone who has, by definition, limited life experience and they feel quite uncomfortable about it. Is that something that you are aware of and that you are trying to overcome?

**Mr Schell**—Yes, we are aware of that as an issue. In addition to that it depends on the nature of the inquiries that people are making of us. I will give you the reverse of that situation. The experience with BHP has been that most of the older workers out there have continued to maintain contact with the people they saw on site. So, if you like, we have had the one-to-one arrangements established at BHP continue through the life of their claims as they have dealt with us after that. I think the one-to-one arrangements that we are putting in place will overcome a lot of those difficulties.

The other issue is that, while we have young staff, our method of operating is that, while they may not have all the knowledge, they have the capacity to refer people to the specialist services that they do require. So if somebody came in with complex financial affairs, we would refer that individual to a specialist who would be able to help them with that particular inquiry and that specialist would then return them to their one-to-one contact. So, if you like, their one-to-one contact assists them, but also acts as a broker of specialist services for the individual as they are required. It is an issue, but we are working to overcome it in the way that we deal with customers through the one-to-one.

**Ms GILLARD**—I think you heard me ask this before when we had people making a previous submission. I am particularly interested in seeing whether there is going to be any tracking of outcomes for the BHP workers, the contractors' class and the direct employees' class, because it does seem to me to be a research project begging for a researcher because you might get some statistically significant data. One thing we have found in this inquiry is that there is any amount of views and opinions, all of which are no doubt well-founded – people have got good reason to believe what they believe – but, when you search for hard statistical data, it is very difficult to get data that is meaningful or data over time. In part, that is the government's fault for consistently changing programs – and I accept that – but it would be good if we could add to the stock of knowledge in this area. So you are not aware of any program that would do that comparison?



**Mr Schell**—No, we are not undertaking any tracking program or anything like that at all. I suspect that we have already lost a number of those customers from our record base anyway as they have obtained employment or taken decisions in terms of their future employment.

**Ms GILLARD**—Just looking at the sequence with those employees who are assisted over time, presumably a number have already moved into employment, a number have gone to other outcomes – you made reference to someone who might elect to stay at home as a carer whose life circumstances have changed – a number have relocated to other places to live, and a number would remain unemployed. Of the people who are unemployed, I would assume there is a fairly lengthy preclusion period from benefits as a result of the redundancy packages that were received. We can assume that there will be a number of those people who will fall into the ranks of the long-term unemployed, move from that preclusion period onto the benefit system. I am interested in exploring what employment services these people will be entitled to when they come up that end and, in particular, whether in running the job seeker classification instrument over people any weighting will be given to the fact that they are coming out of a large cohort, so you have got a sort of blip, if you like, in the labour market locally as a result of that cohort being around with comparable skill sets at the same time. Does that affect any decisions that are made about the provision of Intensive Assistance?

953

**Mr Schell**—Not as such, but Debbie could most probably answer more in terms of the timing and the impact.

**Ms Johnson**—Just recently we have had a group of people, mainly the contract labour working there and people who had worked less time for BHP who came on to Centrelink payments. The job seeker screening instrument was refreshed and run again for them to see what they have been doing over the 13 weeks that they have been waiting to come onto payment. In most cases – and I am not saying all cases – people over the age of 50 to 55 had high literacy and numeracy issues, which identified them for Intensive Assistance almost immediately. It became apparent that they would be referred off. They also had social and personal circumstances that would actually assist them in accumulating the numbers that give them referral to Intensive Assistance from the job seeker screening instrument. In most cases, just the fact that they had very few skills, other than steelmaking in the case of the BHP employees, and very low literacy and numeracy skills would put them through to Intensive Assistance as soon as a position became available.

**Ms GILLARD**—Please excuse my ignorance in this area; it is for specialists. Does the screening instrument take account of age? Is age a factor?

**Ms Johnson**—Yes, age is a factor, also the region they live in, geographic location, the skills that they have and can take to another job, and their literacy and numeracy.

**Ms GILLARD**—The unemployment rate is built into the home location factor?

**Ms Johnson**—Yes, the geographic location, and their marital status as well, whether they are single or not.

**Ms GILLARD**—I am concerned about when you have a big event like this. The points about home location, even though they take into account unemployment rate, will lag behind the labour market shock, because we are always looking backwards for employment figures. When you know that your job home location has had a big labour market shock, is it possible for the instrument to be fiddled with a little bit so that that is taken on board?

**Ms Bourke**—We administer that instrument on behalf of the Department of Employment, Workplace Relations and Small Business, so we are not at liberty to make any changes to that. Any changes would need to be authorised.

**Ms GILLARD**—I am not suggesting you do.

**Ms Bourke**—I appreciate that you are not, but I understand what you are saying. The question is whether there is flexibility in those issues and the answer is, no, there is not really in terms of us being able to add those types of things. As Debbie said, once a job seeker comes back, we would refresh that score. We would check to see whether any of their circumstances had changed, because sometimes circumstances do change which would then give them additional scores which then would put them over the line in terms of their ability to be referred to Intensive Assistance. When we first saw them when we were interviewing on site they may not have had a score that was high enough, but perhaps things have changed in the intervening time and the additional marks may give them a score which means they can be referred to Intensive Assistance.

**Mr WILKIE**—When you were interviewing people on site, did you also interview a lot of the contractors? I believe there were about 3,000 contractors affected.

**Mr Schell**—Debbie can make some comments on this, but the contractors were not part of the BHP program. Debbie and the people who are working out there put in place strategies whereby they spoke to the pay clerks or personnel people on site for those contractors because some of them had offices there. Debbie

and her crew went and spoke to them and they arranged to put notices in with their pay slips saying, 'If you want to talk to Centrelink, the office is here', and this sort of thing. I think they had varying cooperation from the employers there. Some had already planned what they were going to do and were looking to relocate employees to other places, but Debbie can give you some idea as to the response she did get from those measures.

**Ms Johnson**—The response that we had was that three large contractors actually accessed the assistance. The supervisors literally brought the employees to our doors. We spoke to them. In a lot of cases, the numbers that the employers were giving us were a lot less than what was being advertised in the media. They did not see the impact as that great on their companies. We sent out brochures. We certainly gave them all the packages of information on unemployment benefits and pensions that we gave to BHP. Three contractors took up the offer. One contractor only used voluntary redundancy as the means to downsize their business. They were not closing as a business. Most of those people had already decided on retirement and were taking their superannuation payouts. We probably only saw 40 to 50 actual contract employees whilst we were out there but we endeavoured to contact them, and through the union as well.

954

**Mr WILKIE**—Someone this morning mentioned that there were a number of contractors that went broke and their employees lost all their entitlements, similar to what has happened in the textile industry recently. Was that your experience?

**Ms Johnson**—No.

**Mr Schell**—We are not aware of any in those circumstances. The advice we had earlier on was that there were around 600 accredited subcontractors on site at BHP. In other words, they had issued passes to that many people to access the site. That is a fair bit different from some of the other figures that have been quoted as well. I do not know whether there were additional employees outside that working in those firms who were impacted by BHP, but the early advice we had was in that magnitude.

**Ms GILLARD**—What was that number?

**Mr Schell**—Around 600. They conducted an exercise of refreshing their pass lists after the announcement and that was the figure that we had.

**Ms Johnson**—Of that 600, a lot of them were casual employees who in some cases were already on Centrelink payments. They were working casually at BHP one day a week or whatever. Therefore, they were already on our books as such and getting casual employment.

**Mr WILKIE**—That probably leads to the next question. Some people have talked about portfolio jobs where you might have a number of jobs to make up your weekly salary so you can afford to support your family. Did many of the BHP employees go down that path?

**Ms Johnson**—We certainly suggested that they get themselves registered at the labour hire companies. That was one of our referral points. With the skills that they had, that was probably an option that they could take. The contractors already were doing that. They were, in most cases, hired by pseudo labour hire companies anyway. That is where they were heading in some cases – the ones with good trade skills.

**Mr Schell**—Part of the issue, in terms of the employment was that a lot of the trade issues were BHP specific. It had been suggested to us that there might be a requirement for some sort of refresher training or upgrading training in terms of the market for some of these employees. BHP were providing a lot of that training as part of their options for signing employees if they were interested in continuing on down the track.

**CHAIR**—We have spoken quite a bit about BHP which is probably the gold standard. What is happening with other businesses that, for whatever reason, are having to make people redundant or dismiss them or are closing down? How are those processes being handled?

**Mr Schell**—Could I use the National Textiles as an example. That is a current example. Like everybody else the first we heard about that was the media publicity that that enterprise was closing. We responded as we would in any other closure by making our services available. We participated in a –

**CHAIR**—When you say you heard about it through the media, was that because the company or a company spokesperson had made an official announcement, or was there some sort of speculation?

**Mr Schell**—I think there was speculation which had been running for a few days beforehand associated with the fact that employees had been asked to delay the start of work for a week or whatever. It just rolled on from there. A seminar was organised by Maitland City Council and we sent our financial information service officers along to that seminar. We had claim forms available for people at that seminar so that they could immediately claim assistance for which they were eligible. We have continued with that process since that seminar.

Most of the references in the media have been to the fact that people have not been able to get assistance until 8 February. That is quite correct in part. If they are applying for Newstart or the old unemployment assistance, they are not eligible for their first payment until today because their last payment, as we understand it, was from the company and covered the period up to 24 or 26. I forget the exact date. They then have to serve a seven-day waiting period, which takes them up to 1 February, so 8 February is the first week of entitlement, which we pay in arrears. There has been a little misunderstanding in terms of when people actually qualify to receive their first payment.

We have adjusted the family assistance entitlements for any of the people who have children. They were done very early on. We received 229 claims: 120 of those have already been granted. Only 20 were rejected because of personal circumstances, such as a partner working with other income. We are waiting documentation from 19 people to prove their identity and verify their circumstances. We have appointments scheduled for another 61. So in a very short period of time we have been able to assist quite a number of those people and make preliminary adjustments to their entitlements. The assistance that we can provide will be ongoing once we have finalised all the payment arrangements and helped them with the various entitlements that they may have.

955

**Mr WILKIE**—Just following on the payments, how many people who thought they would have been eligible today normally will not be eligible because they have leave entitlements and long service entitlements that they have to use up prior to actually getting any payments?

**Mr Schell**—As far as I know, none at this stage because there is nothing which talks about those entitlements at this point in time. When those entitlements become payable, we will take those into account.

**Mr WILKIE**—What will happen then? Will we have to pay those back to you?

**Mr Schell**—I am not familiar with the scheme which was announced yesterday. I am not sure of that detail and I would not feel comfortable commenting on that until we have more information. I have only seen the press information so far.

**Ms Bourke**—We sought some advice this morning about what may happen. We are still waiting to hear back exactly how things will happen.

**CHAIR**—But I presume that if the employees received their entitlements, as they most certainly should have done, quite a number would not currently be eligible for payments.

**Mr Schell**—They would have waiting periods, depending upon their length of service and the value of the payments that they would have received.

**CHAIR**—Which, of course, is another issue that we have been talking about since we have been here. I just want to be clear about it because this is the very sort of situation that we are concerned about. To what extent, if any, have the company or the company officials attempted to help their former employees through this period of intense grief and bereavement?

**Mr Schell**—I am not aware of the circumstances on the picket line or anything else. We have just had our staff going in there to offer the assistance that we are capable of providing.

**CHAIR**—So once the speculation was in the press that the company was about to close, there was no formal notification to you, as they are required under the act?

**Mr Schell**—No.

**CHAIR**—There was no attempt to engage not only Centrelink but other outside organisations in helping those employees?

**Mr Schell**—Not that we are aware of.

**CHAIR**—But there ought to be – anyway that is our view.

**Ms Bourke**—We certainly made contact. The day that the employees were called in to be advised formally of what was happening to them, we were able to be there to give them some preliminary advice, which was just before the seminar that Mr Schell was referring to earlier. That was put together by the council.

**CHAIR**—We have spoken about BHP and National Textiles. What about other companies and businesses in the area? You do not need to name any. Generally, how is this process managed?

**Mr Schell**—It depends in part on whether it is a closure or a downsizing. In certain industries, such as mining, for example, we have established working relationships with unions over a reasonable period of time, so they are aware of the services that we do offer. They also have their own financial advice and services as well and it is usually a cooperative effort between the two of us when those situations arise. Others are basically as we have described for National Textiles. It is the same sort of situation where we find out the day it

closes or the day before and we respond in a very similar fashion, and that is just the general run of the way things happen.

**Ms GILLARD**—We have had some evidence this morning about people approaching neighbourhood houses and such agencies to assist with resume and job application preparation. I know that Centrelink, through its customer service centres, provides assistance to people seeking work with telephone calls, faxing and those sorts of things. How widely utilised is that? What is your view about the level of knowledge in the community about access to those services?

**Mr Schell**—They are quite frequently used. Given our process of getting people into payment and advising them on their requirements and of what services are available, the self-help facilities are part of that explanation, so we point out to people that, yes, these facilities are here and you can use them to do resumes and that type of thing. We show them the self-help facilities in terms of the touch screens for them to access job vacancies and that in the area as well. So I think they are quite widely known. When we first installed them, the take-up was slow but that has increased quite considerably.

956

**Mr WILKIE**—The problem, as it has been explained to us, is that people are not accessing those services; they may be aware of them but they are not using them, so they are going off to community houses and different providers – not Job Network providers – to get their resumes done. Does anyone work with them at your centres to help them prepare a resume? A lot of these people might not be computer literate and might not be able to do it themselves. They might not be eligible for FLEX 2 or FLEX 3 and are only just job matching. Are there any facilities to actually help them prepare their resumes in job matching?

**Mr Schell**—We do not provide that personal assistance to help them do that. That is part of the FLEX arrangements.

**Ms Bourke**—That is part of the arrangements when they get referred to the Job Network so, as you say, people who are computer literate would be most likely to use them to put together resumes. New software is being installed by the Department of Employment, Workplace Relations and Small Business on those self-help facilities, which, hopefully, may make it easier for people who are not perhaps quite as computer literate. I have not actually seen a demonstration of that so I cannot give you a comparison of how easy it may be compared with what they have now.

**Ms Johnson**—Working in customer service centres, I know they are widely used, but once again they are probably used by computer literate people.

**Ms Bourke**—Just as an observation, I had somebody come back to me the other day who had been in an office waiting to use the computer. He was waiting for a very long time, there were lots of other people waiting as well and he eventually left. Again, that is anecdotal evidence and that is just one instance. There are always going to be those occasions when some people will utilise it a lot and other people will not.

**Mr WILKIE**—Do you think there is scope there to provide Commonwealth funding to those organisations that provide that service for what are, in effect, Commonwealth customers or clients?

**Mr Schell**—I thought that part of that was under the FLEX arrangements, where the Job Network members were required to assist people.

**Mr WILKIE**—Even with Employment National?

**Ms Bourke**—I am not quite sure exactly what contracts the Department of Employment, Workplace Relations and Small Business have issued to the Job Networks with regards to that. Certainly our understanding is that the contracts include provision for people to be given assistance with retraining, training courses and other things that they would need in order to make them job ready. But, as I said, I am unaware of the content of the contract, because that is outside of our scope.

**CHAIR**—Is there anything else you would like to add?

**Mr Schell**—No, thank you.

**CHAIR**—Thank you very much for coming here today and doing what we know is a difficult job. We appreciate it very much.

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

The committee accepts, approves and authorises for public release as a supplementary submission a document from Working Nation Co-operative Ltd tabled at this public hearing today.

**Proceedings suspended from 12.42 p.m. to 1. 40 p.m.**



957

**MAHER, Mr Kevin Joseph, New South Wales State President, and Secretary of the Newcastle, Central Coast and Northern Regions Branch, Australian Workers Union**

**CHAIR**—I reconvene the public hearing and welcome Mr Kevin Maher from the Australian Workers Union. Could you give us a precis of the union's view of this whole issue of mature age unemployment and emphasise the things in particular that your members want put to our inquiry and then we will discuss it up to 2.20 p.m.

**Mr Maher**—First of all, I would like to apologise for any inconvenience I have caused as a result of my being late. I understand some capable people filled in and jumped into that spot. This region that is covered by our branch of the Australian Workers Union basically goes from the Hawkesbury River in the south to Coffs Harbour in the north, and up into the lower and upper Hunter Valley. The employment base in this region has changed dramatically over the last 20 years and there is every indication that that is going to continue. That is not necessarily a bad thing; however, there are quite a lot of casualties.

The group we have targeted in our submission are the male and female workers 45 years of age and over who are mainly low skilled, semi-skilled or basic trade skilled. In other words, they are the traditional blue-collar workers. These people have been made unemployed as a result of their former employers either dramatically reducing staff or indeed closing down. The list of companies that have done this in this region is immense, and manufacturing companies have been the main employers to put people on the dole queues. The Hunter Valley Research Foundation published statistics that show that a large number of people unemployed in the region are over 45.

By way of example, over the last five years quite a number of companies in the region have closed down totally or else drastically reduced their work forces. There is A. Goninan & Co., which had operations in Newcastle; Hexham and Taree; Long Airdox at Lake Macquarie and Singleton; Joy Manufacturing at Kurri Kurri; Jeffrey Dresser at Lake Macquarie; the BHP steelworks, of course, and many of the BHP steel related industries; BMCH at Maitland; the Capral Aluminium smelter, which has reduced its work force dramatically over the last five years; the Scone abattoir; the Aberdeen abattoir; RZM Mines at Hexham and Williamtown; National Textiles, of course; Depict Fashions; Rundles; Bradmill; and King Gee. Those last five, of course, are in the clothing, footwear and textile areas. These companies are the large to medium sized employers that have either closed down or drastically reduced their work force. They have added to the thousands of job losses in the coal industry, as well as the hundreds of smaller manufacturing employers that have put off the ones and twos. That adds up to thousands.

The industries from where these people may have been employed are textile manufacturing, metal manufacturing, the steel industry, mechanical maintenance contractors, the meat industry, poultry industry, aluminium industry, steel manufacturing and fabrication, and coal production. All of those industries are basically the blue-collar type people I have just described.

The immense problems that the coal industry has faced up here has had a dramatic flow-on to a lot of smaller engineering and maintenance companies. They are the ones and twos that do not make the media and no-one ever hears about unless you are closely related to someone, and there are dozens and dozens of those ones and twos just closing up every day.

In the main, these people are being made redundant from value adding industries in the manufacturing sector and are full-time, permanent employees with lengthy service with their employers. Of course, one future facing them is no full-time, permanent employment. If they are lucky they will get casual, part-time work, usually in the employ of a labour hire company that farms them out to various employees.

One of the major issues affecting the over 45s in gaining employment is the lack of job search skills. It is a chronic problem. Using a very recent example, National Textiles, in closing down, have done absolutely nothing to prepare their employees for life outside their company and also the textile industry. Our union had only five members there, a small maintenance crew. We certainly were not the main union affected. Our people there were generally much younger than the average, and I think so far all but one has picked up work. But that is certainly not the case for the vast majority.

So after having reached the age of 40 or 45, having been employed with a company or in an industry for a lengthy period of time and perhaps having had only one or two employers, all of a sudden these people have to prepare a resume – which usually they have only heard of from their high school, uni or TAFE aged children who are putting them together. They wonder, 'What can I put in it? I left school in year 9 or year 10 some 30 years ago and I really do not know much.' It is a confidence thing.

I have seen some remarkable things done in developing people's resumes in the human resources department at BHP. A 45-year-old boilermaker would go along to a young human resources officer and do an

interview for a resume. He would have about three or four lines written down as to what he thought he was capable of and what his skills were, but after a trained person had finished with him he had a tremendous resume that listed a whole range of skills and experiences he had from within and without the work force – on the board of directors of a local sporting club and things such as that.

958

The way that you present yourself with a resume at a job interview is very important, and these people are lacking that guidance and skills in that type of thing. Really, in the main employers in this region – I do not suppose they are much different from anywhere else – are just not equipping their people with those skills. It is just a matter of ‘Here are your entitlements. See you later,’ regardless of service.

Every indication is that Centrelink and its service providers are giving no support either. Most of the people I am talking to are FLEX 1 people or, at worst, FLEX 2 people, and it is not until you are a FLEX 3 or higher that you tend to get those services provided. Thankfully they are not FLEX 3 people, because they are the most difficult to place. I think the job search area needs to be looked at very closely. I do not think it is all government responsibility. I think the state and federal governments have responsibilities in that area, but I also think employers need to be showing a lot more responsibility in that area.

The lack of relevant skills is the next issue. Some of examples I will raise are extreme, but they illustrate a point. A fitter and machinist of any age who has just been put out of work at BHP or some other area who is finding it hard to find work in their occupation in a similar industry has got absolutely no chance of being trained in the short term for a position at British Aerospace at Williamstown. The amount of training that would be required to bring that person up to the standard to go into that high-tech industry would be immense, and there is nowhere at this stage where that can happen anyway unless the person is able to go and do it off his or her own bat. That is an extreme example, but it does highlight the problem when you have a rapidly changing employment and industry base.

The biggest groups of employees in the region now are in education, health and the retail sector. The people I am describing, with their background of being put out of work, largely are not suited for that type of work. There is a train of thought in the community here that tourism will solve all the problems. Tourism jobs are largely low paid, casual or part-time jobs. Quite frankly, many of the people I am talking about just are not suited for that type of work, nor is it appropriate in my view anyway.

To one extent or another, a system needs to be put in place. Again, there is nothing wrong with the employer being made to do retraining or extra training for their employees who are going to be put on the unemployed list. Some extreme examples were BHP in their Pathways program paying for the training of a person to get his commercial pilot’s licence. A couple of other people were commercial divers, and there were quite a lot of people having their university fees and expenses paid by BHP. Again, if BHP can do it – and it is a big company, I understand that – why can’t other people do it? Why can’t there be provision made for them to do it, and, failing that, for government to provide that sort of training? Surely, the amount of pressure that would take off the social welfare system would more than compensate. I know it might sound crazy that we are saying, ‘Divert some of your money away from the social welfare system into training and re-training.’ It is all coming from the taxpayer, I know. But I think that would be a lot more beneficial than just allowing people to sit on the dole queue.

In a region where the traditional manufacturing industries are rapidly declining, the remaining employment is going to younger, better trained and higher skilled workers. This does nothing for the confidence of the over-45 workers. As I said earlier, smaller, more high-tech industries are slowly moving to the region, and the educational and skill levels of unemployed blue-collar workers make them largely unsuitable for these companies.

Another issue that has been run in the region is that we will get call centres up here, that they provide lots of employment. I was listening six months ago to an interview on the local ABC where the presenter spoke to an expert in the call centre area. He was basically saying that a lot of people do not understand what the call centres are all about; they are not simply people sitting there answering telephones, it is a lot more high-tech than that. The people who are going to be suitably qualified are still at school at the moment, and they are the people that they are going to be targeting for call centres. Again, the people I am talking to are not going to be the people targeted for these call centres.

As I have mentioned, the lack of training opportunities when employed and unemployed is one of the major problems. I have attached an article from the *Financial Review* of 31 January written by Stephen Koukoulas that went to those issues, and I thought it was a very good article. The notable exception, of course, has been the BHP Newcastle Steelworks Pathway program, and even they did not put their hands up willingly to volunteer; they had to be dragged screaming – and there was a fair amount of that. But once they agreed they excelled themselves locally.

The anecdotal evidence is overwhelming with regard to the reluctance of employers to employ over-45s. Many employers simply prefer younger employees. I understand the skills gap between younger people and over-45s is an issue, but the anecdotal evidence is overwhelming. We are getting calls daily from our former BHP members who feel, without a doubt, that they have been left aside for younger people. Prospective employers have not got back to them and some of the pretty weak excuses given as to why they were not put on indicate that the over-45s are being discriminated against by employers in favour of younger people. A lot of the over-45s are unable to relocate because of their family commitments. I must say that it is much easier to relocate from Sydney to Newcastle than to go the other way. The huge difference in property values and rental values is prohibitive, and the fact that they may have older children in high school, TAFE and what have you, makes it more difficult for them to pull up stakes and go. I know desperate times call for desperate measures, but they are certainly some of the things that they have in mind.

959

Rural and regional unemployment is very high, and of course with that you have a very competitive labour market the further you get away from the capital cities – as illustrated by the figures I got from the Hunter Valley Research Foundation. The average unemployment figure for the Central Coast last year in the Wyong and Gosford council areas was seven per cent. In the Lower Hunter – Cessnock, Maitland, Lake Macquarie and Newcastle – it is about 10.7 per cent. The Upper Hunter is about the same. Once you start moving north, up it goes again – 13.2 per cent in the mid North Coast, Richmond and Tweed areas. With that sort of employment and the competitive nature of it, the over-45s are really up against it. The continuing decline in typical blue-collar industries, particularly manufacturing, is also a major issue. I have already covered the high-tech areas. A lot of my friends and colleagues in the region are pushing that some of these more high-tech industries are solving the problem. They do not solve the problem. They certainly might help in attracting jobs to the region and they also bring a few employers with them, but it is not going to solve the over-45s problem. They are basically the areas that we see need addressing with regard to unemployment in regional and rural areas, but certainly for those over 45.

**CHAIR**—On the question of the high-tech industries, obviously you would want to attract them – indeed, any industry, I would think – to the region, but I presume when you say that they are not really of much value to workers over the age of 45 it is because the sorts of skills that are required are such that they are not likely to have any prospect of getting a job with them. Is that correct?

**Mr Maher**—If you want to move up from Sydney and you have been an air frame fitter or in the technical or electronics side of the aviation industry and you have worked in the aviation industry in Bankstown or Sydney airport, there is certainly work up here for you. The aviation industry has been extremely small in the past and there is a very small requirement in the region.

So when all of a sudden you get Impulse moving up here with British Aerospace and some of the other aviation related industries, you are talking about skills that are largely specialist and boutique-type skills. To be able to train someone – whether they are young or over 45 is immaterial – to be competent and able to work in that industry needs a significant amount of training. They are targeting a lot of ex-Defence Force personnel in those areas as well. Some of those people may be over 45, but that is their cup of tea.

**CHAIR**—Earlier today when the Centrelink people were here we were discussing, amongst other things, the requirement under the Workplace Relations Act for employers displacing 15 or more employees to formally notify Centrelink. In fact they probably should be required to do a bit more than that. I gather from what we heard this morning that at least here it does not seem to be happening and that nobody is policing it. Have you any comment to make on that?

**Mr Maher**—Largely it is not a problem. There are circumstances where it does happen. The large, notable case, of course, as Centrelink mentioned this morning, was National Textiles not doing it. Everyone was expecting it to fold for quite some time. The company was threatening it quite often, but it did come as a surprise when it happened. My understanding is that they never fulfilled their requirements to notify Centrelink.

**CHAIR**—It is probably not the main issue of the whole inquiry, but do you have any ideas on how that ought to be policed?

**Mr Maher**—Again, if you look at what is required of a person who has lost their job to be eligible for unemployment benefits and everything that goes with it – fairly stringent reporting mechanisms and double-checking and cross-checking – my understanding is that none of that is incumbent upon employers. There is an award provision that they must do this and a few other things but really there is no policing of it. It seems to be one rule if you are an individual being put out of work with the hoops you have to jump through to be eligible for Centrelink assistance, whereas the employer basically does not seem to have any policing of their responsibilities. Maybe they should have more responsibilities placed on them. Once that is done there will be much closer policing.

**CHAIR**—In your submission, both written and from what you have said today, you have gone through the industries from which people have been made redundant. In the Hunter region it reflects really what is happening in the whole country – as you are painfully aware, I know – with manufacturing, primary industries, commodities, mining and a whole range of things which will continue to be an important part of the Australian economic and social structure. As workers are displaced from these industries, whatever governments are in and whatever they may try to do about it, how do we go about retraining workers who have spent 20 or 30 years in these industries? How do we train them for these emerging industries? I must say that I do accept your view that employers ought to share that responsibility in one way or another. Do you have any thoughts on that?

960

**Mr Maher**—I do not know whether this answers your question as you may wish, but I know that I am getting sick and tired of hearing governments of all persuasions – state and federal governments – saying, ‘Look, we are striving for a level playing field. Everyone else is doing it; that is why we should do it and there will be penalties if we don’t. We are not in the business of being in a bidding war.’

I am afraid we are. I will use BHP as an example but there are many companies that fall into the same category. There must be a reason why they would rather set up their value added, finished steel products factories in Asia and in the United States. I think they have even got a couple in South America. You have got to ask why they are doing that. They would say it is because we have got to be in an area that we are more competitive in and there are strategic reasons. They are also saying that it is much more difficult here to do business. It cannot always be the fact that Australian wages are allegedly higher than everywhere else and the fact that Australian workers are not as productive as their counterparts overseas. I believe that what state and federal governments have to do is to get in the bidding war and find out why. Proctor and Gamble, an American company, for instance, who relocated from Villawood in Sydney a number of years ago to Berkeley Vale on the Central Coast and employed about 90 to 110 people in their enterprise, all of a sudden said, ‘We are going overseas.’ I think their manufacturing plant went to Vietnam. Now those products that used to be made here in Australia are being made overseas and sent back into the country at the cost of jobs. That is happening everywhere.

I know it is a global world we are in. I know things are not as easy as they used to be. But to me it seems a lot of the people that are losing their jobs – particularly if you were to go up to the picket line at Rutherford now – would say they were a victim, as the Prime Minister said, of an economic reality. They are saying, ‘Why does it have to be an economic reality. Why can we not promote and encourage value adding manufacturing industries in this country?’ But to do that we have got to get into a bidding war. It is as simple as that. It has got to be cheaper to have people employed and the government giving concessions to the employers than having people on social security. There has got to be much better value in that. I do not have all the answers. I am not a trained economist. These are observations that I and many of my colleagues and members have made. They are simple observations, but we never get an answer. We get a lot of waffle. That waffle just does not wash and people are getting more and more cynical about the amount of waffle we are getting. None of it is doing any good, particularly in rural and regional Australia.

**CHAIR**—This is a perfectly legitimate point of view that you are putting on behalf of the workers and your members in particular. But if we leave aside that whole argument about trade equalisation and the benefits or otherwise to society, what should we be doing to improve the job prospects of workers who are being displaced from these industries? I accept that those people would be arguing we should be maintaining trade protection and doing all sorts of things. Say a guy had spent 35 years of his working life in a particular labour intensive job and does not know how to turn a computer on – I do not mean that in a disparaging way – what should we be doing to help him?

**Mr Maher**—There should be a large amount of encouragement. Firstly these people need to get over the lack of confidence that clearly a lot of them have about being able to be retrained in other areas. Schemes should be put in place where they can do it in a tech college environment. It would be something that would be readily identifiable to a lot of 35s and older.

You target the training to their abilities. The abilities of these people range from very low ability to extremely high ability. Even though they might only be semi-skilled or only have the basic trade skills, they might have a high sort of ability to pick up other skills and training. If available, there is no doubt that, in extreme cases, someone over 40 can be readily trained to become an airframe mechanic or trained in electronics or something like that. But generally, there have to be programs put in place to up-skill people and encourage them. A lot of it should be done while they are in employment.

**CHAIR**—Yes, that is certainly our view. The sooner we can get to them the better, preferably before they are even displaced, and the BHP thing is the gold standard, of course.



**Mr Maher**—I think TAFE colleges have a big role to play and I think the governments, both federal and state, should be putting in place training and retraining programs based around TAFE or other like providers at very low cost or no cost.

**CHAIR**—So a part of it could be, for example, that businesses – I presume those who can afford to – should perhaps have some requirement placed upon them to purchase training modules for employees that are being displaced in some way or another.

**Mr Maher**—I think that would go a long way to trying to solve some of the problems. All the problems cannot be solved. You are going to have people who are square pegs in a round holes and you are not going to be able to fit them in. But the vast majority of them will be able to be accommodated in one form or another to be retrained in other areas. That has got to be just a benefit for the whole community if that can occur. At the moment it is not occurring.

961

**Ms GILLARD**—We have heard a fair bit about the BHP Pathways program and I think we will hear some more before the afternoon is over. Out of the 2,000 employees that that program was offered to, how many were our members?

**Mr Maher**—I have not got the exact figures, but out of the blue-collar work force, the majority – the Metal Workers Union and ourselves were the two largest unions covering blue-collar workers there. I would say 1,200, using that figure of 2,000.

**Ms GILLARD**—We were told that there were a large number of contractors as well who did not have access to the Pathways program. Did you have members amongst them?

**Mr Maher**—The contractors were basically thrown on the scrap heap. That is one of the saddest aspects of the whole lot, particularly the contractors in the maintenance area who were employed by some small companies. Those small companies were basically tied to BHP, that was their lifeline. When that went, they went. They are out there competing. They did not have the opportunity that direct BHP people did to do training and retraining. They certainly were not able to have the redundancy provisions that applied to direct BHP people. They are the ones, I think, that have really been neglected the most.

But having said that, a lot of those employees were reasonably skilful employees as well because they had to be. They were in a dog-eat-dog business: 'If your company does not get the contract, then you might be out of work.' So they largely skilled themselves up. But in the whole scheme of things, they are going to be up against BHP people out in the labour market who were very well prepared and they have got to be at a disadvantage, having said that.

**Ms GILLARD**—There was some difference of opinion today about how many contractors there were in terms of employees affected in that class. Have you got a feel for that?

**Mr Maher**—I believe that the wind-down started when BHP made the announcement to close the steelworks in April 1997. They did not all go to 30 September last year and then bail out at the last minute; it started for them in November 1996 when BHP reduced their maintenance budget by 30 per cent. A lot of those people moved on because their companies could not compete or missed out on contracts, but they gradually whittled away from about November 1996 through to the end of September. A number of the smaller companies went broke – A.J. Mayr, on the site, went broke, as did Brentworth Holdings. A number just went broke. They did not have any foresight to pick up contracts elsewhere, whereas a lot of them did. They were the real victims. BHP made decisions from about the early 1980s that there were certain things they did not want to do in the steelmaking business, and they contracted it out. It was the contractors that did all that work, and a lot of the work the contractors did was integral to the good productivity that that plant pushed out. But in the whole scheme of things, BHP wiped their hands – abrogated their responsibility – which the unions thought was a disgrace.

**Ms GILLARD**—As a union, are you in contact with members – I guess they might be former members by now – who were directing employees of BHP and who were also contractors?

**Mr Maher**—Yes.

**Ms GILLARD**—Are you able to compare how they are going with their job searching? I am trying to see what difference the Pathways program made.

**Mr Maher**—Funnily enough, the contractor employees are faring better than the BHP employees. Generally, the contractors were a bit younger and maybe they were a bit tougher in terms of being knocked from pillar to post in the job market. They had worked for a larger number of employers even though it may have just been on the steelwork site, and they seem to be faring a lot better than the direct BHP people.

**Ms GILLARD**—So a lot of them were in labour arrangements – body hire – to various contracting firms prior to the closure, were they?

**Mr Maher**—Yes. They seem to be doing better.

**Ms GILLARD**—Can you make a comment on how the direct employees who were members or former members of the AWU are going?

**Mr Maher**—A lot of them seem to be picking up casual or part-time work here and there. To be fair, a lot of them were in holiday mode from September through to about the end of October or mid-November, but from about mid-November they started to look around. Traditionally leading up to Christmas is a bad time to be looking for employment, but a few of them picked up a bit of casual work here and there. They have been looking in a big way since Christmas. It is the over-45s who are doing it tougher, and particularly the over-45s who are carrying an injury from a previous employer, because no-one wants to know you. If you are 35 or 25 and carrying an injury from a previous employer, no-one wants to know you, but it is a hell of a lot worse if you are over 45.

962

**Ms GILLARD**—Most of them would still be living on their redundancy money, wouldn't they? Or would they have qualified for benefits?

**Mr Maher**—That is a sore point. The Centrelink system is a bad system. Forget politics; I am not making a political comment. What used to happen was that people would use their redundancy to pay off their homes or any debts they may have had. They would do that and they could rely on a bit of social security while they were looking for work. Contrary to a lot of opinion, people who did that were not prepared to pay off their mortgages and stay on the dole for years – most people just are not like that; they were actually looking for work. So they had the pressure of a mortgage and other bills off them, and they were getting social security and looking for work. What is happening now is that they are being forced to spend everything. They still have the mortgage and the bills and they are unemployed and looking for work. That pressure is immense. I think it is a very bad strategy for that to have happened. Of course, people say, 'Well, they can still pay their house off,' and they could, but they still have to wait that amount of time before they are eligible for intensive assistance from Centrelink. That was – and is still – a very sore point.

**CHAIR**—Yes. Many others have said that to us as well. In fact it has been put to us that you get a double whammy in the sense that you have to use your redundancy and other resources before you are eligible for assistance so you end up with no resources, and the longer you wait to get assistance the longer you are unemployed. That is what is put to us. I have to be careful about what I say.

**Mr WILKIE**—Kevin, you have mentioned that most of your blue-collar workers in the Hunter are basically on FLEX 1 or 2, whereas I imagine that a lot of them would find it hard to get a job because they have only been employed in that one job for a very long period of time. There appears to be no flexibility in the job classification instrument that Centrelink uses to place people into different categories. Do you think, where someone has been in a job for a very long period of time, that should actually count as a factor to allow them to access other services like FLEX 3?

**Mr Maher**—I think so because, regardless of whether you have picked up a good redundancy, or, God forbid, you are in a position like the people at National Textiles and others: you pick up nothing or you wait for handouts from some people. As to the issues that I have raised in terms of training and retraining and being trained in job search skills, my understanding is that it is not as a FLEX 1 employee and as a FLEX 2 employee; it is not. So, even though they may not be as extreme as the requirements for FLEX 3 are now, they are still disadvantaged by the lack of skills and the lack of job search skills, and I never thought that would be as important as I now do. When the Pathways program was going through BHP I certainly never really took much notice. I thought, 'Oh, it seems a bit of a wank,' quite frankly. That is what I thought, but how wrong was I.

It is really important because that job search skill given to them helps their confidence. When you have had your confidence knocked from underneath you, if something can build that confidence up and you can say, 'Yes, look at all those things that are on my resume that I never thought I really had,' that does build your confidence. I do not think there were very many people on that site, direct BHP employees, that did not go and get their resumes done and do the job skills training, because they saw the importance of it. I didn't. I thought it was as I described it earlier, but I could not have been more wrong. It was a very valuable piece of training, and it is not available unless you are FLEX 3, as I understand it.

**Mr WILKIE**—FLEX 2 is actually supposed to be job search training where they go through and do the resumes, but I do not know if it is as intensive a process as you are describing where they actually get someone and identify their skills and get those on their resume, because that is a proper interview and a screening.

**Mr Maher**—It is a combination of having a person who is skilled in resume writing and interviewing skills to be able to draw out from the unemployed person a whole range of things that he or she may not think



relevant or important, but it certainly is when you come to putting a resume together and selling yourself to a prospective employer.

**CHAIR**—Losing a job is a major life event; it is in the same category as losing a limb or even a partner. Many of the problems that we have encountered in our inquiry – and I certainly have in my previous life – are rooted in the fact that many employers handle the whole process abysmally. One of the things we are looking at is a code of conduct, possibly enforceable on employers, which is appropriate to the size and nature of the business, that improves the process by which employees are handled as they go from employment to unemployment, so that families, Centrelink and non-government agencies are involved in the whole process. Is that something that you think might have some merit, or not?

**Mr Maher**—In the age of deregulation and deregulating everything – so you can allow the John Lawses and the Alan Joneses to do stupid things and get away with it – you should have the appropriate experts helping with the drafting of the regulations and, more importantly, making it enforceable and punishable if it is not carried out. There are too many things happening where there are guidelines but people just say, ‘Don’t worry about them; let’s go and do whatever we want.’ Like it or not, as a species, we do need regulating to some extent or another. Unless there is an incentive to do something properly, whether that be a negative incentive or a positive incentive, a lot of people ignore it. I believe there should be guidelines, maybe even regulations or legislation, and they should be enforceable and with penalties applied if they are not followed. That way a lot of the things that we have heard spoken about here and elsewhere may not occur.

963

**CHAIR**—The Business Council and the Coalition of Small Business Organisations are very supportive of the concept and the ACCI is not. I cannot see that it could be a good thing for everybody.

**Mr Maher**—If you have something to hide or whatever, you don’t particularly want something like that.

**CHAIR**—Thank you for your time, for putting the effort into your submission and for what you are doing for your members.

964

[2.28 p.m.]

**NICHOLS, Mr Denis, State Organiser, Australian Manufacturing Workers Union**

**CHAIR**—Welcome to this committee hearing. Can you give us a precis of the union's view of the whole issue and emphasise the things that you think are appropriate?

**Mr Nichols**—The information that I have been provided with is that the committee is interested in finding out some details about how BHP came to agree to the transition to closure agreement. That will be the thrust of my comments today. I intend to be brief and to take on board your questions. In terms of the union's view about unemployment for the over-45s and how they have been affected, the union has a great concern about the very high levels of unemployment nationally and particularly in this region – for both the under-45s and the over-45s.

We are in the process of setting up an unemployed members committee. I have run off some statistics for you regarding the fitters who are looking for work on our job register in our office. There are about 22 over 45, and 34 under 45. So you can see there is a slightly higher amount under 45 who are looking. In respect of boilermakers I have not got that age breakdown but my general observation is that there are a greater number of over 45 boilermakers looking for work than under-45s.

The movements in employment since the closure of BHP and the lead-up to BHP have seen a great trend towards the casualisation of labour, and an increased focus on labour hire companies. That is where a lot of the employment problems are now arising. But to get back to the main topic of the submission, as Kevin said in his submission earlier, BHP did not do this willingly. It was quite an intense industrial and community and political struggle commencing back at the time when BHP announced its intent to close down the front end of the steel operations and go to a mini mill operation. During their later decision to review that, we started to prepare ourselves for the worst. There was a committee set up of shop stewards and organisers – it became the steering committee – for the guidance of people through this process. The result of that was moving on to preparation for the Pathways program. So anticipating the worst, a lot of the work had been done pre- BHP's announcement. When that came of course there was the intensification of the industrial action and the political lobbying with the government and the opposition, and the state government as well. At the same time there was commencement of negotiations for the closure package. The documentation, I understand has been forwarded on to the committee.

Those negotiations were very intense. I notice Kevin indicated he did not quite see the value of the training program, but I can assure you that a number of other people on the negotiating committee did see the value. Indeed, it became quite a major focal point of the negotiations to have the training procedures not only for the jobs themselves but also for preparation for interviews, resumes, consultations and training with preparation for retirement for those who were going into retirement and the like. So there was a lot of negotiation about that and getting that part of the package right and, in particular, getting BHP to agree to set up the employment centre because we always knew that there was going to be a great flow-on effect, that it was going to be difficult for people to gain work.

The position in the area has been compounded by a wind-down in other major projects since then. Goninan's had a great reduction in size through loss of contracts with a state government. Forgacs have had a couple of major ship repair programs. They are winding down. So there are people going out of work now. A number of other things have impacted on manufacturing employment opportunities in this area. We did not have the wisdom of knowing these things were all going to occur, but we certainly knew the shipbuilding program would be winding down and there would be a great number of people looking for work. Essentially that was a major thrust.

Finally, when agreement was reached we insisted with BHP that the closure package or the transition agreement would be registered as an award in the commission, which was done before Justice Hill – I think that decision has been forwarded to you with the paper work. The comments of Justice Hill indicated that in his experience he had not seen a package like it – it was certainly ahead of its time in his view – and that it was one which other employers and governments should take on board as a model for dealing with these kinds of things in future. We would like to see that picked up by way of government policy or regulation because we are finding that employers, both large and small, are not doing all that they can to assist workers as they come up to these situations. If the emphasis can be put on employers having greater responsibility, then that would assist workers in future. I might leave my comments at that and address any questions that the committee may care to ask.

**CHAIR**—Thank you.

**Mr WILKIE**—How hard was it to get the agreement? Kevin said that you had to fight tooth and nail to get it. Did BHP come to the party fairly easily or did you have to really fight for it?

**Mr Nichols**—There were a number of industrial stoppages and there were public rallies. We have had tense meetings. We have had ACTU representatives at those public meetings and John Cairns, one of the ACTU officers, came up towards the end of negotiations to assist in those negotiations and coordinate some of the activities. There were parliamentary delegations to both the Prime Minister and Kim Beazley. There was a lot of community concern that came in support. The public meetings that were called were fairly well supported. There were marches on BHP's office here from some of the rallies. All those activities were needed to build the pressure on BHP.

965

**Mr WILKIE**—It is lucky those workers had unions.

**Mr Nichols**—Quite clearly, without the organisation I do not say that nothing could have been done but they could not have achieved the end result that was achieved. Justice Hill makes that inference in his decision about the transition agreement.

**Ms GILLARD**—I think you heard some of the questions I put to the AWU representative before, but along the same lines: are you still in contact with metal workers who were direct employees of BHP who are now in the job search process?

**Mr Nichols**—Yes.

**Ms GILLARD**—I know this is anecdotal, but do you think the Pathways program has made a difference to the way they have approached that job search process or their likelihood of success? Do you have any evidence to suggest it has made a difference?

**Mr Nichols**—It certainly has assisted. We had about 300 members who were affected by the closure of BHP. With our unemployed committee, we have a number of people coming along who were former direct employees of BHP. Others come along from other industries and contractors and the like. We find that the guys from other industries say, 'You looked after BHP, but what about us?'

One of the benefits that came out of this training was where one of our members who was a former supervisor did a lot of assisting people put their resumes together for BHP prior to the closure. He has now volunteered his time to come along and help our members from other industries to prepare their resumes. He will be working in our office purely on a voluntary basis, helping with that kind of process for people who just have not had the skills to do it. What you have to bear in mind is that in the past people working in metals manufacturing really had not had to prepare resumes. This is a new ballgame for a chap my age. You fronted up for a job and either you got it or you did not. There were no such things as resumes or those types of intense interviews in the past. They are a standard requirement now and people who were outside of that process are missing out on that basic knowledge.

**CHAIR**—Denis, were the workshops that were held for people over the age of 40 especially useful?

**Mr Nichols**—Yes. From the feedback that I have had from all those that were in attendance, yes, particularly the retirement workshops. They provided the opportunity for people to take their spouses along and get general appreciation of what their options were. Some people made them their basis for whether to retire and go out of the industry given the financial advice or keep looking for work. The general feedback I get back is, yes, they were very good.

**CHAIR**—Were most people in this age group willing to retrain? To what extent was there a preparedness to accept the reality of needing to acquire different skills?

**Mr Nichols**—Retraining in the steel industry has been something that has been ongoing as technology has upgraded over the years. I guess there are a group of people that have difficulty with it, but the way that technology has changed in steel making over the last decade and decade and a half has been enormous and people have adapted to that. With the reclassifications that we did a few years ago, with the change of the award structures and the greater emphasis on training to moving through the classification structures, there was a resistance at first but most of the people have moved through the structure so they have become accustomed to some on-the-job training. I guess there is benefit in that but you need to trace that back to the history of on-the-job training.

**CHAIR**—Is there a place for making employees – and generally the work force, I suppose – aware of what is available to them should they find themselves in the position of being made redundant or unemployed? There seems to be vast ignorance, I suppose, born of the fact that most of us would have a job and we do not get up each day and think, 'Am I going to lose it?' I suppose it is easy for us to think in terms of these services being for someone else. There seems to be enormous ignorance of what is available. We have found people who have lost their jobs and then felt too embarrassed to tell anybody or go to get help. They register late.

They do not know what is around. Firstly, do you think that is an accurate description of things generally and should we be striving to do something about it?

**Mr Nichols**—Absolutely. People generally do not keep themselves up to date with what is going on with unemployment benefits or what training options are available unless they need to look at it. The difficulty arises then of how to address that question of motivating people to be aware and, when they do become aware and are unemployed, you have got the communication difficulties. I really had this driven home to me in this unemployed committee. One of our members is a rigger aged 50 to 55. He went along to CES. There was a young girl in her early 20s interviewing him. He could not communicate. The only way he could get any sensible feedback was to take his wife along. He was not used to that age gap or dealing on that kind of level. There are those kinds of difficulties that need to be overcome. Centrelink people have to have the appropriate skills to address older workers as well as knowing what is needed and what training and facilities are available. It should be in a form that can be understood by the people as well.

**Mr WILKIE**—How important was it therefore to have that Centrelink office on site?

**Mr Nichols**—At BHP, it was very important. It was extremely useful. The average age of persons going out of BHP at closure was 42. The average length of time in the industry was over 20 years. Basically they had not applied for a job in that time. None of them had the slightest bit of information or knowledge about what Centrelink did and what services it could provide. We find that now with unemployed members from other industries coming into our office. We have had Centrelink officers down to talk to our unemployed committee about how they can assist to overcome some of these problems, such as the one I indicated a while ago.

**Mr WILKIE**—I asked earlier about the situation of someone who has been employed for a very long period of time in one job. They come out and they are unemployed yet because of that long period of employment they are not eligible for specific job related services. They are treated as just a normal unemployed person who could usually go and access a job. Do you think that because they have been in one job for a very long period of time that should count towards giving them benefits to access greater services, for example the FLEX 3, which is offering a bit more of an intensive support service?

**Mr Nichols**—That is a difficult question in terms of equities. There is a good argument for the position you have put. I have been faced with similar comments from members employed by contractors or who are spending a lot of time with labour hire employment. They put the position that they equally do not have any benefit of redundancy pay or options for training. Yes, there is an argument for it but I think the question also needs to be broadened to the average worker. As I indicated, probably the biggest employers in Newcastle in manufacturing are labour hire companies at the present time. There are over 40. Their employees are all casual. They pick up work a day here, a day there. Sometimes they are there for a couple of months but at the end of it there are no holidays, no sick pay and no public holidays. There is no redundancy if they are there for a substantial period of time. They have got nothing in the bank with which to look forward to a future life. They are probably the greatest victims.

**CHAIR**—Denis, I think we might finish there unless there is something else you would like to put to us.

**Mr Nichols**—No, I just want to say that my advice about the employment centre at BHP is that it is working reasonably well. I understand that about 250 people have got jobs at the present time. While there are still about another 530 people actively looking for work through that centre, the reports I have had back from our members have been that it is working reasonably well.

**CHAIR**—Good. Thank you for your time, your submission and the work that you are doing for your members in this regard especially. I thank the Hansard staff and the secretariat for, once again, an outstanding effort.

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

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

**Committee adjourned at 2.51 p.m.**