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Official Committee Hansard

**HOUSE OF
REPRESENTATIVES**

STANDING COMMITTEE ON EMPLOYMENT AND
WORKPLACE RELATIONS

Reference: Employment: increasing participation in paid work

WEDNESDAY, 28 JANUARY 2004

SYDNEY

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON EMPLOYMENT & WORKPLACE RELATIONS

Wednesday, 28 January 2004

Members: Mr Barresi (*Chair*), Mr Bevis (*Deputy Chair*), Mr Dutton, Ms Hall, Mr Hartsuyker, Mr Lloyd, Ms Panopoulos, Mr Randall, Ms Vamvakinou and Mr Wilkie

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

Terms of reference for the inquiry:

To inquire into and report on:

Employment issues in both rural/regional and urban and outer suburban areas, with particular reference to:

- Measures that can be implemented to increase the level of participation in paid work in Australia; and
- How a balance of assistance, incentives and obligations can increase participation, for income support recipients

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Committee met at 9.10 a.m.

O'DONOGHUE, Mr Philip, Acting Director, Australian Council of Social Service

THOMPSON, Mr David, Principal Policy Adviser, Office of Employment, Education and Training, Australian Council of Social Service

CHAIR—I declare open the public hearing of the inquiry into employment and increasing participation in paid work. We welcome Mr Philip O'Donoghue and Mr David Thompson from the Australian Council of Social Service who are with us today. Thank you very much for meeting with us today and for joining us post haste—some people get here by taxi, David; others get here by plane. It is fantastic to see.

The proceedings today are formal proceedings of the parliament and, although the committee does not require witnesses to give evidence under oath, you should understand that these hearings are legal proceedings of the parliament and warrant the same respect as the proceedings of parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The committee prefers that all evidence be given in public, but if at any stage you wish to give evidence in private, please ask to do so and the committee will consider your request. I invite each of you to make some preliminary comments about the issues you think are important to this inquiry, before we move to questions and discussion.

Mr Thompson—We have provided what I think can properly be characterised as quite a comprehensive submission, covering a wide range of issues in which ACOSS has a strong interest and involvement and has done a lot of work.

CHAIR—It is very comprehensive.

Mr Thompson—We very strongly share the objective—which has also been expressed in a number of other significant submissions made by a number of government departments and others, like the Business Council and the Chamber of Commerce and Industry—about the importance of increasing participation, not just as a contributor to the national wealth and not just as a means of responding to our ageing population but also to increase equity, and particularly equity for people who are not participating. Importantly, I think, we identify another group who are participating but want to participate more—the jobless.

There are issues about reducing reliance on income support payments as well as responding to the ageing demographic. We are strongly of the view that effective measures to reduce reliance on income support and, at the same time, to increase participation in paid work in particular, and in other forms of work, require balanced combinations of assistance, incentives and requirements. It is not just the balance but the sequencing of those things and the tailoring of those combinations of measures to different groups which is particularly important as well.

We go on to address a number of issues about the employment assistance system, about skills formation and the need to do more, and do more effectively, at both ends of the spectrum—in particular, for young people who have difficulty making a transition to higher and further education and who frequently drop off the radar and out of sight and, at the other end, for mature workers who may well have particular skill sets and competencies that relate to previous

employment but have not much relevance in today's labour market and economy, and who also probably require different types of assistance.

We go on to address matters relating to personal barriers, which can vary from the cost and impact of disabilities on some people to the issues associated with caring for children, for sole parents, or caring for others who are infirm or otherwise, in different circumstances, and the place in that mix of obligations and requirements on people. Then we go to some of those very difficult and complicated technical questions about incentives and disincentives in the system. Further to that, we go to some questions related to superannuation and other retirement incomes, and related issues for mature workers as well. It ranges across a wide array of issues and agendas.

CHAIR—You are right, David; your submission is very comprehensive and certainly quite a lot of recommendations have been put to us. We could spend most of the morning discussing your submission because of the level of detail it goes into. I am sure we have a number of questions. Mr O'Donoghue, do you want to make an opening comment?

Mr O'Donoghue—Just maybe in general terms. Some of the public debates about joblessness and employment attempt in too simplistic a way to bring the solutions down to reducing minimum wages or just changing the tax system. We have attempted here to cover what we consider to be a more comprehensive array of initiatives needed that will differ for different groups because we see the barriers to employment and the function that employment performs for people varying. Figure 2 on page 13 of our submission, which maps out the rate of unemployment, excluded jobless and voluntary jobless for different groups, I think demonstrates the varying degrees of disadvantage in terms of the labour market. Commonsense tells us that young people have a different purpose for engaging in the labour force. For some it is a supplement or primary participation in education or training. Mothers again may be in part-time employment, keeping themselves engaged in the labour market while primarily caring for children. It is different again for people with disabilities, Indigenous people and older people. So child care, effective marginal rates of taxation and employment assistance—certainly that full array of policies—are the ones that we think are going to be needing the attention of the committee in your important work.

Mr Thompson—The graph that Phil refers to illustrates the marked differences in experiences in the labour market of these different groups. I think it is just one means of illustrating that different segments of the population have quite different experiences which can be masked in looking at national averages, aggregates and overall pictures. Similarly, the spatial impact of some of the issues and some of the problems and the spatial dimensions of some of the solutions will also mean vastly different approaches and combinations of measures in different places. We are not advocating for one minute the same set and combination or indeed sequence of solutions in every part of the country. What is required in some of the worst unemployment black spots in the country—and they are places like Wide Bay-Burnett in Queensland and the north-west of Tasmania—would be very different from what you might do in central Sydney, Brisbane or Melbourne, as I am sure you would well know.

CHAIR—Can you explain what the term 'voluntary jobless' refers to?

Mr Thompson—It is people who choose not to participate, who do not want to participate and who are not likely to ever participate, as opposed to what we have termed—

CHAIR—So they have dropped out of being job seekers?

Mr Thompson—For a variety of reasons. They might be permanently caring, too old or otherwise completely denied any possibility of ever actually getting back into the labour force. We have a far more detailed paper from which some of this material on joblessness is drawn, which we would be happy to provide to the committee.

CHAIR—That would be great. Thank you very much. Let me kick off with looking at the tax system. You made reference to the marginal tax rates. We received evidence yesterday from a number of witnesses, and there was a little bit of a conflicting message coming through as to whether or not reducing the marginal tax rate would do anything at all to assist people to get into the work force or just shift the points a little bit higher—that is, if the marginal tax rate kicked in at \$30,000 rather than \$20,000. We could be simply moving the whole structure a little bit higher rather than assisting people in the work force and so on. Can you make a comment about that?

Mr Thompson—As I am sure you know, there is quite a lot of debate around that topic and there are very vastly different views in different places. From page 40 but particularly on page 42 of the submission we look in approximate terms and attempt to model the impact of easing taper rates in family payments from 50 to 30 per cent and easing the 70 per cent Newstart allowance taper to 40 per cent. We also look at the ‘five economists’ Earned Income Tax Credits’ and its impact. Then, as quite an alternative approach, we look at the impact of more effective labour market assistance. The bottom line is that the cost of an earned income tax credit, which would be very substantial, would, on the basis of our modelling—and we concede it is only approximate, and our colleague Peter Dawkins and his other economist colleagues would have a different view—for a very high cost be not likely to have a very high impact. As we observe and as others—including the Centre for Independent Studies, I think I can recall—have observed—

CHAIR—I was specifically referring to their submission of yesterday.

Mr Thompson—It would be actually pushing the poverty trap further up in the system as opposed to removing it. This is a very complex area which is also being considered in the context of the work that is being done on options for a simpler income support system. These measures and the systems they impact on are very complex; it is the intersection of the income support system, the wages system and the tax system. Parallels are frequently drawn with UK and US experience, where they have very different wages systems and do not have the same safety net minimums that we have. As I said, the risk is that for a very high cost you just push the poverty trap further up the income distribution. Having said that, having been closely involved in some of the consultations conducted by the government last year on the simpler payment system, there is absolutely no doubt that the current, very high effective marginal tax rates do act as a substantial disincentive to people either working at all or—and I think in particular—doing more work when they would like more work but would be worse off if they did more work.

Mr O’Donoghue—We think broadly in terms of addressing effective marginal rates of taxation that it needs to be targeted to people in different circumstances. You can do so in more

cost-effective ways than just raising the tax-free threshold. That is very expensive, and it is a scatter gun approach to it; it sprays everybody. Just to be practical about it: the government legislated for, and ACOSS was pleased to be able to support, the introduction of the working credit arrangements. They were designed to address in effect a very particular situation for some unemployed people who secured full-time but casual employment—that is, for a relatively short period of time they were earning some money but then exiting paid employment and returning to social security.

That system, which allows a saving up of earnings-free amounts in order to then benefit, is not so dissimilar to what students under Austudy benefit from. It helps to reflect what is actually going on in the job market, which is that there is a growth in casual employment, in particular, and seasonal work and the like. It is good, it is targeted, and you are not wasting a lot of public money doing that.

We have proposed, broadly, two taper rates for withdrawal of income support in order to try to meet the different role that part employment has for a couple of different groups. In the cases of people with parenting responsibilities, carers and people with disabilities, they are often only able to engage in part-time employment or have a strong preference for it. The part-time employment becomes a way of keeping in touch with the labour market. When circumstances change, they are then able to engage on more of a full-time basis. We think for those groups, because of their life circumstances, part-time employment is preferable and a lower taper rate is appropriate. We think it should cut out at about, or a bit above, a minimum award wage type level.

In the case of unemployed people, we are actually proposing a steeper taper rate. Keep it steeper—although not necessarily as harsh as it is now—and have it cut out below the full-time award wage, principally because the circumstances of these people are, by definition, that they are seeking employment. Overwhelmingly, it is full-time employment that lifts people and families out of poverty, and so a taper rate that is tailored to full-time employment is more appropriate in those circumstances.

We do not think you should extract taper rates away from the need for employment. As we know, what is really happening in the job market is that we are losing a lot of full-time jobs, particularly in lower and middle-skilled occupations. So we need to do other things as well. We do not think we should just tailor the system to what has happened in the labour market with the growth of part-time and casual work, but that is a reality up to a point now. We need to look at different circumstances. For some people, there will be part-time work with a certain taper rate and for others there will be full-time work and a different taper rate will be more cost effective and will really reflect where people are and how they are most likely to be benefited.

CHAIR—Did your modelling come up with an assessment of how many people would be affected by that and possible job outcomes?

Mr O'Donoghue—Table 2 on page 42, the table that David referred to, shows costs of the family payment taper rate and lowering allowance taper rates broadly. The family taper rate is lowered more greatly than the allowance one, principally because in most cases the allowees are going to benefit from full-time employment, as I suggested. And they are relatively cost effective. We are being brutally honest about the overall outcome as being minimal, and that is

because taper rates enough are not alone, in the case of unemployed people wanting and needing full-time employment to get out of poverty. Whether or not they are in full-time jobs for the kinds of skills that they have in the regions where they live are among the critical factors in determining the impact, not taper rates alone.

CHAIR—One of the other pieces of information we heard yesterday was that there should not be an overlap between social security payments and the start of a base wage—that either you are employed or you are on benefits, not on both, and that that would be a great incentive to move people away from benefits. Do you have any thoughts on that? I assume you do not agree with that proposition.

Mr O'Donoghue—Family payments are a supplement to household incomes where there are children. Since that system began, they have been a supplement for low wage households. We think it is necessary to retain that aspect of the system, because it is a way of addressing the question of what the real costs are for those households, which are obviously associated with supporting children. Principally, now, our minimum wage system is predicated on the assumption of a single adult with no children, in effect. We think that, given the family payment system, it is easiest for it to be the assumption that the minimum wage is essentially what an adult single person requires to live and maintain a reasonable standard of living. The family payment supplements that if there are children. If there is a dependent spouse, there are some tax concessions in there as well, and they are appropriate.

We are overlaying that with our recommendations on effective marginal rates of taxation tapers to say that we think, for the people whose circumstances I have described before—those caring for children or people with disabilities, or people with disabilities themselves, where part-time employment is a desirable option—it should cut out at about, or even a bit above, that minimum level. For a sustained period people in those circumstances are likely to be reliant on a combination of income support and part-time employment. That means that, usually for a period of extended caring, or maybe permanently as a result of disability, a person's income is going to be quite low and therefore some supplementing of that through a different taper rate is appropriate.

Mr Thompson—We observe, in our submission, that there is a risk that people will be locked into combinations of low paid part-time work and social security payments when full-time employment would be possible and more appropriate. At the other end of that spectrum, you would not want a situation where the income security and/or tax systems are actually subsidising low paid full-time employment. I think the Centre for Independent Studies expresses some caution about that as well.

If there is a gap between the cut-off of the income security system and the minimum wage, then you can view it, on one hand, as creating an incentive to leap the gap. From my observations and discussions with quite a number of current recipients of various payments, particularly parenting payment, Newstart and DSP, if there is that gap, it is likely that many of them perceive it as something that cannot be crossed or the crossing of which will involve some risk to them, and some loss of the security they get from the income security system. It is not just the quantum of payments that is important to many of the people we are talking about, it is the certainty of payments. Transitions out of one system to another need to be very carefully managed so that people have the incentive to actually want to do that without taking too much risk in doing so. Having the overlap is not necessarily a bad thing. Having too much of an

overlap is probably going to have some consequences which are neither good for the taxpayer nor for the citizens we are talking about.

Mr DUTTON—In relation to recommendation 5, you refer to the transition of the school to work support scheme. I think everyone would agree with that recommendation. Can you expand a little on what we can do, practically, outside of what is being done now, and what you think might be more effective in that program?

Mr Thompson—We understand that the government is currently in the process of looking at an array of programs—Jobs Pathway and others—and some of the pilot work that has been done. We are awaiting, with expectation, some announcements from the minister about that. Effectively a transitional support scheme, which was advocated very comprehensively by our colleagues at the Dusseldorp Skills Forum, is about identifying those young people who are not going to make relatively smooth and seamless transitions from school to higher education or from school to vocational education—those who are likely to go from school to unemployment and then get lost in the system. It is to provide a system whereby schools take responsibility for where their former students are going and are provided with resources, through a transitional support scheme as we have proposed, to track and stay in touch with kids who are getting lost because they are not making the smooth transition direct to higher education, work or further education. That is one of the options—a low cost option—as part of an array or spectrum of possibilities of things that could be done.

CHAIR—I was under the impression that we already have that in place at the moment. You mention the Jobs Pathway Program. There are a couple of other pilots that have been introduced—the CATS program as well. It is about tracking these kids—

Mr Thompson—But actually implementing the Jobs Pathway and some of the other pilots that have been operating over the last couple of years in all schools.

Ms VAMVAKINO—I have a particular school in my electorate—and it is very much reflective of a lot of the community—where we have talked with the principal about tracking, and I can just see him now. The family plays a very important role in what children, perhaps, eventually decide to do. You say the school should be responsible.

Mr Thompson—No, I said ‘accountable’.

Ms VAMVAKINO—Is there a role for parental involvement? We are talking about parents who have been long-term unemployed who may never work, and a lot of children come from this culture of just welfare. It is a welfare option; jobs are not an option; careers are not an option. That is really the essence of the problem for a lot of young people. They do not have the desire to pursue careers because they do not, perhaps, get the encouragement or they do not have those goals to aim for. Now that you are dealing with a family that is welfare dependent, where does the family fit in?

Mr Thompson—We appreciate and share concerns about intergenerational reliance on income support, and all the other things that go with that, and a lack of opportunity for our young people to see and interact with role models who impart different approaches and so on. What we are arguing is that schools should be accountable for the outcomes. We are not for a

minute suggesting that particular families in those circumstances should not be provided with the resources and the supports they need to help get themselves in a place where parents, or dads in particular, can participate more. They should have access to the resources to give their kids a better go as well. We are not for a minute suggesting that families do not have a very important role.

Ms VAMVAKINOU—I was not suggesting that either.

Mr DUTTON—Following on from that, David, because I share Maria's concerns in many ways, to me it is a grey area as to where responsibility stops for families and where government responsibility takes up. I know that you answered the question by saying that there should be resources available to these people to enable them to engage and so on. What do we do, though, with the people who those resources are available to—some decide to take them up, others do not—but where a child has been brought up in an environment where perhaps no-one has ever worked for all of those impressionable years? How do we break the cycle and get over that barrier? It is a major issue.

Mr Thompson—I think we are talking about one in six Australian kids living in a jobless household. We are talking about a very serious issue. In the event that some families do not take up opportunities for support et cetera, it would be a very sad day if we denied the kids of those families opportunities that can be delivered to them another way, so it is not an either/or situation. But the obvious first thing you would do is look at whether the combination of the incentives, assistance and requirements imposed on the people in the family is right for that family and to calibrate requirements for them that are matched with assistance for them, which might be in the form of something like our employment assistance guarantee. So, if you need very substantial assistance, you can have that assistance on the basis that you participate. It is currently termed 'mutual obligation'. It used to be referred to as 'reciprocal obligation'. The idea is that there is some fair dinkum balance: on the part of the government, investment in resources that are likely to help change the circumstances; and an acceptance, certainly on our part, that people can reasonably be expected to comply with requirements that go with the assistance.

Mr DUTTON—Can I ask one quick question. I know I have overdone my quota. It relates to child care and accessibility to child care for parents that want to re-enter the work force or take up additional days, for argument's sake. In my electorate alone, it is an issue because it is a fast growth region. Over the last 12 months, an additional 750 places, at least, have been provided in my area. The providers say to me the real demand is for the nought to two age group. We have vacancies for the three- to five-year-olds, and there is a state preschool program as well for four- to five-year-olds. So the real demand is for that nought to two age group. In many cases, because of the staff ratios, it is not attractive for the private operators to have massive rooms.

There are places in that nought to two age group—the really critical age group—that are being taken up by people that do not work and who might have their children in care for, say, four or five days. People who would otherwise want those places and who might want to re-engage in the work force cannot. Would you support a prioritisation so that those people seeking employment would take those spots over somebody who was not?

Mr O'Donoghue—Page 49 of our submission talks about the child-care benefit and acknowledges what you are saying, which is that in the preschool years the costs of child care

are very high—and generally throughout the 1990s child-care benefit has not kept pace with rising costs of child care. We have not addressed in this submission the way in which those services are rationed. We know, for example, that the job education training program that has been fairly successful in supporting sole parents—principally single mothers—has had a child-care subsidy component to it. That, in terms of your thinking about the relative priority for those engaged in employment and those who are not, needs to be considered for those who are engaging in vocational training or who are in other ways preparing for employment, during which time, in the terms that you have expressed it, there would be some justification for them getting some access to the service supports. Child care is a critical one, particularly in any household with under-fives.

Mr Thompson—I have no knowledge whatsoever of the proportion of the families using those places who are engaged in employment and/or looking for employment, as opposed to those who are not. One wonders who they are and what they might be doing. But clearly we would place priority not just on the allocation of the places but on making the places accessible in other ways, with assistance and other measures, to make sure that people who do have children they have to care for actually get access to the child care they need to be able to participate; it is not one or the other.

I would also observe that there is also a need to examine the availability of after-school and vacation care programs for much older children, which we suspect are also a significant impediment to the participation of some sole parents, in particular, in work. I have two boys, aged six and nine, who finish their summer school holidays in Victoria today. As a member of a two-working-parent family, I appreciate how difficult it is. I am sure it is a very substantial disincentive also for a lot of people with responsibility for kids in the much older age bracket.

CHAIR—Thank you, David.

Mr WILKIE—Chair, may I make the suggestion that, given that we started late, we extend this hearing for 10 minutes at least.

CHAIR—Sure.

Mr WILKIE—In relation to the child-care issue, one of the problems with the zero- to two-year-olds is that it is very expensive for child-care providers to actually pay for that service. If you are trying to make money out of a child-care centre, you are looking at the two-year-old to five-year-old age group. Most service providers are loath to put on a service for zero- to two-year-olds, given that there is no additional income from having them. At some point, we should look at whether there should be a different range of benefits associated with providing child care for children in that age group so that they can get into care.

I want to ask a question specifically related to training, primarily for young people leaving school and going into the work force. Yesterday we heard from the Centre for Independent Studies that training for anyone, other than for women returning to the work force having had children, is an absolute waste of time. In particular, they referred to young people leaving school and, I think, mature age males. I am interested in your experience of providing training to those groups, and particularly in the area of job search training to try to get young people into work after they have left school.

Mr Thompson—The observations of the Centre for Independent Studies are drawn from a lot of work done by the OECD in the early to mid-1990s.

CHAIR—That is right.

Mr Thompson—Those observations were about comparisons of labour market programs and went to questions about the short-term labour market impact of those programs. I am familiar with that literature, and the observations did not actually go to the medium- and long-term outcomes and the contribution that some of those interventions make. So we are not necessarily talking about the same things.

As Kim well knows, having had a lot of experience of this through other programs at other times, there are a lot of young people who have fallen out of the mainstream—that which is regarded as the standard and most desirable transition either from school to higher education or from school to work. That bunch of kids gets lost in that transition that we briefly touched on before, and they need connecting to the various things that will help them increase their chances of making the connection again. They frequently need not just vocational skills development but also social skills development to build their confidence and self-esteem and to do all the other things that will equip them to benefit from higher, vocational and other kinds of training—so it is to help them to learn how to learn, to help them to learn how to operate and participate collaboratively and cooperatively and to do all those other things to get on with people and to do what you are told in the workplace.

In a very narrow analysis of the short-term impacts, they may not have an immediate impact in terms of changing somebody from being unemployed to being employed. But if in the end those young people do not get those skills and do not get those opportunities they will never be employed, or they will be the last to be employed. So I do not think there is much value in saying, ‘It’s a waste of time.’ It may not be the most effective intervention in the short term, but it may be a necessary investment for the medium to long term.

CHAIR—In fairness, he did qualify it by saying that it was a value for money outcome; that was the comparison that Peter was making yesterday.

Mr O’Donoghue—Hence the time horizons for value for money: how much to invest now against when you want your return. We know that, over the last decade or two, we have lost mostly the low-skilled and some medium-skilled jobs. The growth is occurring in the higher skilled job areas. If we have a grand plan to generate a lot of low-skilled jobs, such as in domestic service and those sorts of things, maybe there is an argument to have a kind of drone labour force. But I think most public policies are aimed at having Australia retain a high level of skills and being competitive in a global market. Generally speaking, that means an investment in that kind of human capital, with a long-term horizon for returns.

Mr Thompson—David Martin at the OECD is the primary author of the material we have just been talking about. The OECD is also a very strong advocate for activation: actually requiring people to be far more active in their job search as a condition of their receipt of income support. You could be excused for making an argument that takes what the OECD says and says everyone on income support should be activated and required to do more and participate more as a condition for receiving their income support.

If you delve a little bit further into the OECD literature, they make the very strong point that those kinds of strategies only work for the relatively small number of people who are demotivated but otherwise relatively skilled and capable. Applying those same strategies to people who are demotivated and who do not have the skills and the capabilities is actually the wrong prescription for them. So I would go right back around the loop and say that clever combinations of different amounts and different sequences and different types of assistance, incentives and requirements are the key to this. They are not the same for different groups of people and they are not the same necessarily in different places in the country.

Mr WILKIE—I want to ask a question specifically related to that. Do you think that the dramatic rise in the number of people going onto disability benefits is a result of people feeling frustrated because they are not getting enough training or benefits or services to help them get a job? Do you think they are therefore going onto these benefits because they then do not have to comply with the requirements of looking for work in order to get a benefit?

Mr Thompson—On page 31 of our submission—and that is drawn from another more substantial paper on the key causes of the rise in disability pensioners and it comes off a baseline from 1990—you see a substantial proportion due to other factors, such as the job market, and another very substantial proportion as a result of the rise in the number of people with disabilities. I suspect a lot of them are older males with, to put it elegantly, musculoskeletal issues—old blokes with bad backs, as they say in some other circumstances. Another issue is technical changes in the payments.

It is true that there has been an increase in the number of people—and I suspect they are mainly older males—who have some form of disability but who also have some economic disability. Where they have very great difficulty—and a lesser relative chance of—getting a job, a payment which is more secure, which does not have activity requirements and which has a more generous treatment of any earned income is very much a safer place for them to be.

The growth in the number of recipients of disability support pensions in Australia is reported by the OECD as being the highest rate in any OECD country. The other significant thing is that the proportion of those people who are actually participating in some paid employment is the lowest in the OECD. Measures which give people the assistance they need and the incentives they need to actually take up more paid employment—provided they are sequenced and sold and so on effectively—are likely to be effective, and likely to be popular too, one would imagine.

Mr O'Donoghue—I will add a couple of things. On a technical note, you will see in figure 4 growth in disability due to payment changes. That was principally triggered in the early nineties when the old widows pension began to be phased out. Existing recipients, essentially women aged from 60 to 65, as they reached that age and sought retirement instead of going on to a widows pension which had been abolished went on to the disability support pension. So there were no fewer people. It was literally just a different label in that category there.

On the subject of blokes with bad backs, they are mostly sad blokes with bad backs in that you have to have depression as well—and that needs to be certified by a doctor and not a pretend thing. I have worked directly in welfare rights services on these cases. It is a combination of a musculoskeletal condition with other conditions that triggers eligibility and legally justifies the pension.

This is an area of policy that has been subject to a lot of very unfortunate stereotyping and very little substantive public policy development over a very long period of time, so I look across at the whole committee on this. The McClure report gave very little attention to this; it essentially said that what needed to be done was a study, which we are still waiting for, associated with the costs of disability. Shortly after the final report from that was handed in, the government announced an effort to, in a legislative sense, tighten eligibility for the pension and in effect transfer a large group of people—the number is hard to know—over onto unemployment. This created a lot of fear and uncertainty for a group which, I think we have to keep in mind, does have a long average duration of receipt—longer than most people would accept as being desirable. These people are living on income support for years at a time and, when those payments are threatened, they feel very insecure.

Unfortunately, that announcement a couple of years ago, which was made without any consultation or forewarning—or forethought, I would suggest—set back the cause of trying in a positive way to help people with a disability secure employment because it triggered that fear. We think the kind of bundling of initiatives that we put in our submission goes closer to being constructive. We have to make up some ground because of their reliance on this and their understandable fear, which is compounded by genuine disability.

CHAIR—What level of discussions are you currently having with the minister and her department on these issues?

Mr O'Donoghue—There has not been a great deal recently around the disability support pension specifically. It is pleasing that the government, through the department, has re-established funding for a peak consumer body in the disability field: the Australian Federation of Disability Organisations. That is going to help greatly in trying to improve both the consultation and the quality of public policy that comes out of that. In some ways ACOSS has been left carrying some of the workload in this area in the absence of such a peak body, although we are not principally a consumer based body. The McClure report, partly because of its original terms of reference and partly because of the complexity of this area, did not give this a whole lot of attention, and there has not been a great deal since.

CHAIR—We are going to have to be really quick here, David, because I know that Maria and Jill have not asked any questions and I do not like to shut out colleagues of mine on the committee.

Mr Thompson—Very briefly, in answer to your question: we did make a very substantial submission to the government's consultations on the simpler payment system, which goes to some of those questions. We are also having productive dialogues with both Minister Patterson and Minister Andrews on some of these matters.

Ms VAMVAKINO—I want to wrap up a very important issue that I am certainly very concerned about: widows and women whose husbands go onto the age pension. I think the partners allowance was done away with some time ago. Those are women who have perhaps never worked. Realistically speaking, should we expect those women to be reskilled and put back into the work force when they are at an age of about 50 or 55? This change to disability will mean that a group of people may never be able to get back into the work force, no matter

how hard everyone collectively tries to put them there—for whatever reason. It may be a small group, it may be a large group—I don't know. What is your response to that?

Mr Thompson—I think they should be given the opportunity.

Ms VAMVAKINO—Agreed, yes.

Mr Thompson—If in the end their chances are very, very small, then we should balance off what we require of them and not require very much. But, having sat in on a number of interviews with women who are not quite that old but are coming off parenting payment as their youngest children approach the age of 16, I know many of them do not have terribly many current vocational workplace oriented skills but have a hell of a large number of skills that come from performing the functions of mothers and carers in families. And many of them want a job.

Mr O'Donoghue—They have skills from being volunteers as well. On page 50 of our submission we cite that since 1995 the employment participation rate for women aged over 55 has increased from 32½ to 39½ per cent.

Ms VAMVAKINO—Yes, I know. I saw that.

Mr O'Donoghue—In fact, the participation rate for women in that cohort has been rising. It does suggest that ensuring that there is the option of some appropriate support in paid employment is valid.

Ms HALL—I will ask the last question, and in doing so I would like to congratulate you on your fantastic submission. There is not too much I disagree with in your submission. What I would like to ask you about, though, is something that is not in the submission and refers to evidence we heard yesterday. It was put to us that one of the things we need to do is get rid of award wages or minimum wages and look at introducing minimum wages that take into account regional levels of unemployment. So, for example, up in Wide Bay you would have a lower minimum wage as opposed to that in Sydney, where you have a higher cost of living. It was also suggested that the removal of unfair dismissal laws would go a long way to improving participation within the work force. We heard the unfair dismissal laws argument from a couple of quarters, but the argument about the abolition of the award and minimum wages and the introduction of different regional wages came from the Centre for Independent Studies.

Mr O'Donoghue—Generally we do not think that that is likely to be the kind of universal panacea that is claimed, particularly by the CIS, for many of the reasons outlined before. We are going to have a minimum wage; it is a question of where it is pegged. Nobody seriously says you have no floor at all and allow for the kind of 19th century exploitation that we work so hard to prevent recurring. We have argued from about page 43 of our submission that minimum full-time wages need to be a basic income, essentially for a single adult, and that supplements to the need to reflect circumstances such as children being present in the household. This approaches employment not only as an economic activity but as something that provides individuals with a base to their livelihood. But the supplements to that to make it targeted and effective—in terms of marginal rates of taxation, family payments and so forth—are essential, as is generally creating the jobs in other more targeted ways. We suggest that there is mixed evidence as to

whether simply removing that minimum wage floor or lowering it would have any significant impact either way.

CHAIR—Thank you very much, Mr O’Donoghue and Mr Thompson, for your evidence. In particular, we thank you for your submission. It is very extensive. It is probably the most extensive that we have seen to date. I was going to ask why it did not cover labour market reform—it covered everything else—but I guess that is where your concentration is and that is fair enough. We look forward to seeing you again. You are regulars at parliamentary inquiries and you know the drill. David, if we have any further questions we may need to get back to you, particularly as we write our report.

[10.11 a.m.]

NISSEN, Mrs Varina, Manager Director, Manpower Services Australia

NOCK, Ms Victoria, General Manager, Marketing and Knowledge, Manpower Australia

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

Mrs Nissen—Just to put a couple of things in perspective in terms of how we can contribute to this committee, Manpower is a commercial recruitment organisation. We have about 80 offices throughout Australia and New Zealand. In 2003 we filled 85,000 vacancies. We put 30,000 people into work, including 800 unemployed people through our job placement licence, which we commenced in July. Just under 200 of these were long-term unemployed. We are very pleased to say we have been successful in earning a bonus for keeping the long-term unemployed in work. Some of those people who we placed as temps have been confirmed as permanent work force members of our clients, which we are very pleased about. We also extended our direct training—our global learning centre—by 300 courses. It is the world's largest online university. There were almost 4,000 course registrations in Australia and New Zealand as our clients and candidates—anyone registered with us—took advantage of the ability to do online training.

Manpower has been around since 1948. We are listed on the New York Stock Exchange and we are counted in the Forbes Fortune 500. In Australia we work with the ASX100, of which 43 organisations are clients of ours. We put almost two million people into work around the globe. In the UK we have a tripartite joint venture with government in working with the long-term unemployed. We have an over 80 per cent success rate in keeping the long-term unemployed in work—in some instances where there are three generations of males in the family who have never worked.

Our core company values are respect for people and the role of work in their lives. We take these values very seriously. That is why we are very pleased to appear before the committee and provide our commercial expertise to you. We only too readily understand the issue of the participation rate and its contribution to the Australian economy. From the Intergenerational Report, we know we are at a 63.8 per cent participation rate for January. If we could get a rate of somewhere between 65 per cent to 67 per cent, the total output would be nine per cent higher within the next two decades. As I said, in playing our part, this is something we take seriously. What we are most concerned about for our business as well as for the economy is that, after 2007, the current participation rate could trend towards 55.5 per cent and reach that by 2040.

In our submission we focused on the three levers in a tripartite relationship between government, commerce and the community—meaning the individual—where we can initiate programs that can really make a difference whilst delivering a cost-benefit result. Our focus has been on three key areas: removing the disincentives associated with disharmony between the taxation and welfare systems that exist today, and we know that they are on departmental minds as well as the minds of government planners; ensuring that the workplace reflects the community, whether that encourages diversity with disabled people, minority groups, migrants or Indigenous people: that is, that the community looks like the workplace and the workplace looks like the community; and ensuring that the skills of the community match the industry requirements in regional locations, and we have certainly had conversations with the Department of Employment and Workplace Relations in terms of the role that we can play there. Our initiatives have been described to you in three potential components: incentives, policy and communication and education. We are very happy to take questions on any of the thoughts we have put forward to you today.

CHAIR—Ms Nock, would you like to make an opening comment?

Ms Nock—In our presentation today, Varina is going to focus on policy and I will be focusing on the operation and management side.

CHAIR—Thank you very much for your submission. It is quite comprehensive, and the series of recommendations in the submission are very thought provoking. I certainly have a lot of questions to ask, but I do not want to dominate the question time. I will start off with your concentration on migrants. I am not sure whether there have been many other submissions that have referred to migrants in particular and the social inclusion of migrants in the workplace.

We all know that back in the postwar era the successive wave of migrants who came out here made a substantial contribution to the development of this country, in particular in the low- and semi-skilled work that took place. The changing nature of employment and industries in general is such that those sorts of jobs are not there anymore. That is really proving to be a bit of a barrier in offering employment opportunities to the new wave of migrants who are coming in, particularly those who are not in the skilled category. You make reference to that. Would you like to elaborate on what you think we should be doing as a government to encourage migrants into the work force?

Mrs Nissen—I will make some opening remarks and then ask Vicky to make some specific comments. We talk with a lot of migrants, particularly in open public events where people come to talk with us. What we notice quite quickly is that, in many instances, they do not understand how to go about the process of applying for work—for example, whether they need to pay for the agency or whether they have to pay a percentage of their salary. There are some quite significant issues which are disincentives in their minds. That is why we said the recommendation was largely a communication issue rather than other elements of policy changes. The incentive that we recommended was to use the Job Network organisations that are there simply as the referral process so that they are included in the program rather than not mentioned at all. I do not think it is a deliberate exclusion. So it is largely an education issue.

With regard to roles, that takes us into the skills recognition program—and I think many people have written substantive work in that area—and the ways in which we can establish a

recognition system for their school certificates, diplomas or universities as accredited against ours. For example, a degree gained in the Philippines is equal to year 12 in Australia. It is a 'harmonisation' recognition process rather than them having to go through sitting for different skills all over again when they can easily be transferred. We are not talking about medical skills; they are quite different. So there are probably some quite straightforward areas of departmental work that could be done here. Vicky, could you comment on migrants coming and registering with us?

CHAIR—Could you also make reference to the example you had of an electrician from overseas perhaps working side by side with a tradie here in Australia prior to doing their qualification exams?

Ms Nock—Yes. We think the opportunity to practically experience our working systems would be advantageous to the migrants coming in. I think that labour hire in Australia is a relatively advanced industry, but the concept of labour hire does not exist in a number of countries around the world and we do take migrants from those countries. So the people who come through—I would say they predominantly come in through your family reunion category but also in some instances through your independent skills category—do not have knowledge of the services that we offer.

In addition, I think that employers—and that would not be the larger corporates but the smaller organisations—tend not to recognise the value of these people's qualifications. That was really brought home to me at the last career expo in Sydney, where 70 per cent of the people who visited our stand were migrants. A lot of them came from Middle Eastern or Asian countries. A huge amount of chemical engineers came up to the stand, all looking for work. I am not sure by which path they had qualified; they could very possibly have had refugee status. I suppose we all look at it rather cynically. We think, 'You might be a chemical engineer, but are you really?' We have a long way to go in terms of educating the corporate environment as to the value of these people, the level of their qualifications, what kind of role they can play within an organisation and at what level. That gave us the idea of perhaps testing their physical capability through practical workshops, or almost a kind of traineeship scheme, so that these people would be able to integrate into the work force more readily.

CHAIR—The federal government funds migrant resource centres throughout this country. Are they not doing their bit in terms of working with Job Network providers and the new arrivals on, as you said, the level of awareness of what is required? I would have thought that they would be the appropriate bodies to do a lot of the work that you are talking about.

Ms Nock—I think it is not only about awareness—and the Job Network is only one of the systems available to these people—but also about giving them an understanding of the process you go through, and the reason for it, and ensuring that they can accept and understand casual work. Casual or contract work are acceptable forms of employment for a lot of people in Australia. However, that is not necessarily the case in other parts of the world. You tend to get people who believe they are only going to be offered casual work because they are not good enough for permanent work, and it becomes a social issue for them and their families. So it is about educating migrants not only about the processes and how they can go to work but also about the fact that casual work provides the opportunity to learn additional skills, work in

different workplaces and gradually transfer into permanent employment and, in the Australian culture, it does not have a negative stigma attached to it.

Mrs Nissen—Separately to that, I do not think our organisation has had any contact with a migrant resource centre making recommendations to us. It is difficult to test that because it could be happening throughout our offices, but I have not had anybody state to me that they have had an active engagement process with a resource centre that wants to refer people on to us.

CHAIR—You make a couple of recommendations in this particular area—having workshops linking migrants with potential employees and education programs. To me that would be the ideal forum for organisations such as yours or other Job Network providers to work hand in hand with a migrant resource centre where there are pockets of high migrant population, and, particularly, new arrivals coming in. It really does not require government intervention; it can happen now.

Mrs Nissen—Yes.

Ms VAMVAKINOU—I am interested in the reference that you made to the electrician. Over the years, I have come across a number of electricians from Lebanon who are point-blank not recognised here in Australia. They come here with a skill, and paradoxically we have a shortage of electricians—and a number of other shortages—in this country. I have the view that it may not be just a process of the corporate world not clicking, but I do not know the role of the department of immigration and the people who determine skills recognition. One of the biggest hurdles is the assessment bodies that make it very difficult for people who do have qualifications—not just as electricians; that is just one example—to work here. People come up against a brick wall and then they have to sort of re-form their own worthiness to this country because their so-called skills are—

Mrs Nissen—Invalidated—that is quite right.

Ms VAMVAKINOU—I think that is the real problem. We are talking about a work force shortage.

Mrs Nissen—That is right. You would be well aware that, when we go to the marketplace, we usually ask for an accredited electrician of a certain grade. So it is a harmonisation process—is it through the TAFE scheme process, which does the accreditation at the moment? There are grades of accreditation. There is a multibody role to be played to find the equivalency and the gap so that it is just a refresher course, not a full new skills course.

Ms VAMVAKINOU—Do you see a role for government to impose on institutions and organisations like that an expectation that they take the job of recognising overseas qualifications a lot more seriously than they are at the moment?

Mrs Nissen—My view would be that we would step back from employing policy and, rather, try the engagement process first to see whether or not we could bring it into fruition on the basis of the need.

Mr WILKIE—I have a question in follow-up to that. Manpower is a Job Network provider, I think.

Mrs Nissen—Yes.

Mr WILKIE—Under the payment arrangements, the up-front fee and the subsequent fees were originally supposed to include money to assess the recognition of people's prior learning and put them into courses if they needed a refresher course. How much of the money that you get is allocated to that sort of activity?

Mrs Nissen—Largely, as a Job Network provider, the first \$100 or \$150 is for finding work for the person up to the first three weeks and then keeping them on for longer than that. We provide everyone with access to the online learning centre and we also conduct assessments of their skills. I am not sure if I have completely answered your question, Kim. The money is not provided directly to us—we are the job placement provider—but to the Job Network provider to ensure that they are skills ready, work ready.

Mr WILKIE—I am not having a go at Manpower in any way, shape or form.

Mrs Nissen—No, I understand that.

Mr WILKIE—I used to be involved in the old case management program when it was first introduced and saw the transition from one to the other. I suppose what I am concerned about is that often providers may be so busy trying to get someone a job with the skills that they have that they are not necessarily looking forward and saying, 'This person may have been an electrician in their last life, and if we could provide them with additional training they could then qualify as an electrician here and then go on and get a far better job than just the base job.'

Mrs Nissen—That is where we go back to the Job Network provider case manager. There is a lot of that dialogue going on between our officers—because we are the job placement holders, so we can only place them—and the case manager. I am aware that, in a number of locations, such as South Australia and Queensland, a lot of interaction goes on between the case managers and us on that score. Equally, it is a little haphazard in our opinion. We have had some instances where we have put highly presentable people who have good skills and are work ready into jobs within 48 hours of interviewing and assessing them—and they have been unemployed for 12 months. We cannot completely understand it. There is something happening there, in terms of various locations.

Mr WILKIE—I suppose where I have been concerned in the past is that providers—that is, case management agencies—would be loath to spend the money, because if they take that money out of their pocket it is profit that they lose.

Mrs Nissen—I think that is a very valid point. We do not have direct experience here in Australia. I referred to our experience in the UK, where we are the job network provider and we engage. That organisation over there is called Working Links. Manpower is one of the three organisations that are part of Working Links, but it is also about job placement. Over there, we know that all the work is to be done and all the money is to be spent to get that person skills

ready and work ready. That is where the success comes from, and that is why it is highly successful.

Mr WILKIE—Thank you.

Ms HALL—I note that once again your submission is a very good, detailed submission. I agree with much of what you have included in your submission. I would just like to pick up on your idea, your recommendation, that deals with apprenticeships and students leaving school and undertaking studies while they are at school. Would you like to elaborate on that a little for me, please? Included in that, could you tell me if you have had any negotiations with any of the state governments about that being included in the curriculum?

Mrs Nissen—What we firmly believe is that young people need to get a start in the economy. We are particularly concerned at the unemployment rate for the 15- to 19-year-olds, which is 13.7 per cent at the moment—double the national average. The unemployment rate is exacerbated even further for those with no schooling above year 12. It is 10.3 per cent versus 5.1 per cent for those who have some kind of diploma. So we think the issue is keen.

We actually did an analysis last year. I made a presentation in a number of locations in Queensland and then, with Mr Beattie's agreement, went to speak with his senior policy adviser. We did an analysis of 40,000 jobs on SEEK today that require diploma, certificate, degree or under year 12 schooling. Of those—and I think we might have included the graph, although we might not have—the number of youth who are coming out of the schooling or education system with year 12 and above is significantly lower. I do not have the statistic. Not only have we got a demand-supply gap right at the moment; we then look down at the apprenticeship training scheme, and in Queensland it has had a very high adoption rate and there are only places left for people who are under 22-year-old Indigenous people. There is nothing left for anyone else.

We went to talk with the senior policy adviser about what else we could do with our global learning centre—of the almost 4,000 courses, some of them are as basic as grammar, team working, the collaborative workplace and some of the things the previous speaker spoke about, as much as about using Microsoft Word or other training in skill sets there—just to see what we could do to start to try to bring some skills to the people. In various locations, there is an augmentation to the apprenticeship trainee scheme. We are very keen to endorse and support that there is significant funding for the traineeships.

When we head into regional areas we are then faced with a mismatch between industries, particularly in regional areas who are trying to create new industries to create life for their region as well as the skill set in the region. Hence in our submission—and it does not specifically go to youth—when we look at the regional areas we see that it is the youth who are leaving those areas because they either do not have the skills for the jobs available or the jobs are not there for their skill set. We need to find ways to support the current initiative by DEWR, which is the industries task force. We already work with regional development boards, but we have said to DEWR that we would be happy to sit on those task forces to try and help commerce, business and government understand what the new industries are, what the skills required are and how we can close the gap.

I will give you an example of a very practical recommendation that we carried out in Queensland. A yacht builder could not get the right level of skills and was having difficulty with the apprenticeship scheme. We had been doing career counselling at the local high school, so our local manager went and spoke at the high school about, potentially, year 10 students being able to commence a junior apprenticeship scheme. What would be ideal is if that could be recognised as credits towards a subject. They could stay in school to year 12 in a practical combined school curriculum program. That would keep them at school to year 12, because it would keep them interested, and they would be able to step out after year 12 with some credits towards gaining their full certificate and diploma.

So we think there are a number of different initiatives that can be brought to bear. It actually needs a multilevel program. It needs a very local engagement process in terms of the industries. It needs an engagement with the local schools and TAFE in terms of the curriculum and the early engagement process of the kids to keep their motivation up. It needs engagement with the industries to convince them that they can take young people into their workplaces. Unfortunately no one of those works on its own; it actually needs the local community to come together to make it work.

Ms HALL—The other issue I would like to ask you about, and you touched a little on it in your answer there, is the issue of regional areas and barriers for people in regional areas. I note that in your submission you concentrate on early school leavers and programs to get around the disadvantage of living in regional areas. I like your suggestion of a partnership at regional level and providing local representatives for regional partnerships. But not everybody in a regional area is disadvantaged because they are an early school leaver; it is to do with the mix of jobs. You mentioned young people leaving the areas. Have you any suggestions or ideas to deal with that particular aspect of the issue affecting regional areas and how we can increase the participation of people in work in regional areas?

Mrs Nissen—One of the things that we noticed is that most people in regional areas have to travel long distances to go to work each and every day. One of the recommendations we have made is that they be able to claim those travel subsidies against their individual tax return. That is to create some incentive. I know we are not going to head towards regional special economic zones, which other countries have done quite successfully, but if we could at least lower the cost for people in regional areas to actively seek work and be engaged in work then I think that would be quite helpful. Obviously it needs a description of what is metropolitan and what is regional, because we have a lot of people in outer Western Sydney who are travelling long distances as well to gain work.

I think we need to look at some tax breaks for those Australians who choose to live and work in regional areas. We also need to encourage apprenticeships and traineeships in regional areas. If we were going to allocate apprenticeships, we should try to allocate them first to the regional areas because we know that it would keep the young people, or the mature age people, in work and engaged in the community if those traineeships were embedded there in those communities.

Mr DUTTON—I have a question centred on your recommendation about child care and paid parental leave. For argument's sake, in a scenario where a mother chooses to stay at home to care for children up until they go to school and then might seek employment during school hours—so it might be between 9 a.m. and 3 p.m.—what are the employment prospects for people within

that category? Are there many opportunities out there? Is there that sort of flexibility in the workplace now, or is it possible to do more on that?

Mrs Nissen—I might ask Vicky to take that question, because prior to being in her current role she was regional operations manager for Queensland and so had a number of offices reporting to her.

Ms Nock—I would say it is increasing. In fact, just before I moved out of the Queensland operation I did a check across all the various job boards to look at the number of part-time opportunities, and I was actually quite surprised. You still, without doubt, find certain employers who say, 'I want a part-timer,' but they are not flexible about the starting time and they want to make it eight o'clock. But I would say there is an increasing awareness of the skill set that can be provided by mothers with young children who want to return to the workplace. At the same time—and I do not want to digress into another topic—the challenge there is the amount they get paid for part-time work and the cost of child care, which often offsets the reason for them taking up that employment.

Mr DUTTON—What about if we are looking at it from the other angle of those who might have decided to stay at home, say, for the first five years and then go into the work force once the children had gone into formalised education—the primary education system?

Ms Nock—The opportunity is there. At any one point in time, at our metropolitan offices you are probably looking at their order base being about, say, eight per cent—the opportunities for part-time, flexible work would be between eight and 10 per cent.

Mr DUTTON—Thank you.

CHAIR—One last question from me. Another unique recommendation you came up with, which I have not seen anywhere else, was tax relief for a second job. What do you base that on? I think, if we move in that direction, what we are doing is perpetuating the growth of part-time and casual employment, which some have already cited as being excessive and perhaps disproportionate to the growth of full-time employment. Do you have some empirical evidence of that? Do people come to you with anecdotal evidence about why job seekers are not taking on jobs?

Mrs Nissen—There certainly is an increase in the demand side of people seeking part-time work. We all know the categories of candidates who seek part-time work; they are pretty obvious. But I was pretty surprised by the statistics published by ABS last year on the number of young men in the AB social demographic, aged under 34, who were actively seeking part-time work. People are using it as a way to manage the work-life balance. Now, that is not the case for everyone. There are other people who are seeking more hours. We all get those statistics from the ABS. We have three categories: those who are seeking more than 35 hours a week, those who are seeking less than that and those who are satisfied.

The group that we are talking about here are those who are actively seeking more hours of work. For whatever reason—if they are managing their lifestyle effectively in this way or they simply cannot find work in their location—they are seeking to make up their hours and therefore their income. We feel that it is difficult for those people under the current tax arrangement,

where the first employer commences the \$5,000 tax-free threshold but the second employer takes the full marginal tax rate at the first dollar, and then they have to get to the end of the year before they can apply for their tax refund.

We think in fact the Taxation Office, as it looks at the whole harmonisation of taxation for individuals and those on welfare, could look at this category as well, which is the individuals who have multiple employers and who are having to pay their full marginal tax rate with their second, third or other employer. It is basically disadvantaging those people in terms of the cash they are able to take home.

CHAIR—I could have asked a number of other questions, Varina. I note the similarity between some of the recommendations that you have made on the welfare recipients tax threshold and other evidence that we have already received, so thank you for that. Also, we will take on board your comments about paid parental leave. Thank you for your submission and the additional information you have provided to us as well. I will just make one passing comment. It was mentioned yesterday that, with regard to disability and getting people on disability pensions into the work force, part of the problem lies with recruiters. You have made that point as well. I would have thought that that would have been within the industry's domain—that it would be able to control that and to make sure that recruiters have the necessary skills to employ people with disabilities and that the assessment tools that are used do not discourage that recruitment process. You have made that comment as well. I would like to think that the industry itself will pursue that, without some sort of government intervention, whether it be personnel institutes or training institutes around the country. I hope you will push that one on.

Mrs Nissen—Yes, indeed. Your comments are very well made, and we will certainly take them forward within our own industry body. I have an associated comment on that. Our recommendation is that in fact we harmonise all the separated awards so that we start to look like a community. We are not quite sure, but we have been hearing some early moves that will put the Prime Minister's awards and the disabled, the Indigenous and the equal opportunity for women awards altogether in a suite of community workplace awards so that the natural, inherent fear that people have of someone who looks and sounds different—for example, they might have one arm but they can still do a lot of work—starts to disappear. We will pick up the industry one; we have no issue with that. We are a signatory to Employers Making a Difference, and we actively encourage and help our clients to fulfil their obligations there as well. So we will take that one forward, and thank you for your comments on that.

CHAIR—Thank you, Varina and Vicky, and thank you for your submissions.

Ms Nock—Thank you.

CHAIR—If we do have any other questions, I hope you do not mind if we get back to you.

Mrs Nissen—We would be delighted to help.

CHAIR—And we might check out other information as well.

Mrs Nissen—We will await the outcome.

CHAIR—Thank you.

[10.54 a.m.]

BATSON, Mr Phillip, Mature Employment Project Officer, Council on the Ageing (NSW) Inc.

TUCKER, Mr Neil William, Executive Director, Council on the Ageing (NSW) Inc.

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

Mr Tucker—If I may, I will make a brief statement about my role and interest in this area. That may help you determine what comments I may or may not make that are useful to you besides the submission. I should also say that Mr Batson wrote the submission and is himself a mature job seeker changing direction. He is just recovering from a hip operation and will attempt to come this morning.

CHAIR—Please proceed.

Mr Tucker—There are a couple of things in the submission, namely the references to the United Kingdom, which are capable of independently being followed up. Those really are Phillip's references and I will not take up time speaking to those. My own interest in this area comes from and is limited to the role of Council on the Ageing (New South Wales), and I understand that you have had or will have the opportunity to talk to Veronica Sheen of Council on the Ageing (Australia) and its other representatives. I participated in the Ageless symposium here in Sydney last year, making a small and modest contribution to New South Wales government reports—the *Too young to go* report, for one—and I have had awareness of and some communication over your own federal reports, so it has been at that level of awareness. However, I too have changed direction, from a career in education—with grey hair at the age of 50, having been the principal of two or three schools—to one in the community and public sector. I have experienced both sides of the desk, being a consultant to mature job seekers—some 210 clients—and also being a life transition person seeking to commend myself to consultants and others, often unsuccessfully, and going down the track of the typical 200 job applications, which has also been Phillip's experience. He is a production engineer who has practised overseas.

I have also been privileged to present workshops on this area to job seekers in the recent DEWR-COTA collection of workshops in the Illawarra, Central Coast and Wagga, with two here in Sydney plus others with one or two mature-employment agencies in Parramatta. I also have a liaison through COTA with a not-for-profit group called The Executive Coordination Group, which was started by an individual job seeker. It is in touch with some 170 out-of-work executives effectively aged 40 onwards. That is roughly my interest in the area.

What has COTA (New South Wales) been seeking to do? There are two important initiatives. One is to create a network of interested players in this area—representatives of GROW, the mature workers program; Centrelink; the Department of Education and Training; and a range of job service providers—in the hope of bringing together a range of otherwise separate and not necessarily related interests and capacities. We are also seeking to establish a mature workers hotline for New South Wales. I have two other brief points. One is that we think, from our experience of the workshops, that while the mature workers program in New South Wales is not limited to your major target interest—the long-term structurally unemployed and pension welfare dependent persons—nonetheless it targets those who are perhaps, because of spousal or family income or deemed potential retirement investment, not seen as worthy or needy recipients of pensions but still represent a major group of would-be job participants and job seekers.

I have a small interface with TMP/Hudson. I do not think they would mind my saying that they would comment that the employers and the target clients they deal with would say that there is not a mature employment issue. Yet there is a group of IT workers with an informal network of over 300 in Sydney and Melbourne who would say, 'We can't get work relevant to the skills that we have.' The 170 clients of TEGC would say, 'We can't get work even remotely related to the skills that we have.' The statistics from the workshops in Illawarra, where once you are out of the work force—and that is a key issue—show that it is four years and over 300 applications.

So out of that, what do I think my remarks, if helpful at all, should be limited to? I am saying to you that my experience is not of the 500,000 or 600,000 endemically unemployed one, two or three generational families in Australia. I have limited experience of that, not through wish or desire but practical professional fact. I have some exposure but not like others you will hear from, who are much more competent to speak about that. Likewise, my competence to speak on disabled and Indigenous issues, which I am beginning to be involved in on the Central Coast, is negligible as far as you are concerned. So my knowledge and interests, if of value to you, are of persons over 45 who, if they walked into the room, by and large you and I would expect to be employed in this country. They have the educational levels, multiple languages and life experience, but the difficulty is matching the skills and the abilities they have to the employment opportunities in the area. That would include retiring farmers in the Wagga-New England district, for example. If they do choose to move from the land and they are 57 years old or 62 years old and capable, where is work available in the region? So the match of skills is one issue. I can be a person who has the economic wherewithal to move to Shoalhaven, but where is the work in the Illawarra business district? So I become a commuter to Sydney. That is one group of persons. Another group would be persons, including Phillip, who have substantial practical and even technical skills. For example, Phillip was a production engineer with experience in South America and Egypt as well as in Australia. But, once such a person is out of the work force and 55 years old or not seen as being as physically capable, where are the job opportunities?

My last two introductory comments would be that, whereas the DEWR related workshops and all of the things that we have done have dominantly been with service providers—for example, the mature workers program, which we think is an excellent program—we feel that, although the Chamber of Commerce in New South Wales would have a small interface on the workplace relations and training committee, there is still a very low-level penetration with consultants and employers about the capabilities of older people. The typical experience is that, if you have hair my colour and you walk into the room, eyes glaze. The other day there was a simple example from somebody working in the mature workers program. She surprised the DEWR consultant

with whom she was speaking. When she was asked what had been most successful, she said that it was sending two female clients to the hairdresser to have their hair dyed. Those two women, who had been unemployed for two years, were employed within three weeks. It was not an IT training program.

CHAIR—Thank you very much, Mr Tucker. We welcome you, Mr Batson, to the inquiry and thank you for your submission. I understand that you were principally the author of the submission. Thank you very much for that. I am glad to see that you are okay. We had some concerns about whether or not you would be able to make it. Not having heard what Mr Tucker has got to say, do you have any opening comments before we launch into questions and discussion?

Mr Batson—I think we should just launch into it.

CHAIR—Thank you very much for your submission and for those opening comments, Neil. I will kick off with a couple of questions. You refer to the UK employers forum. My understanding is that the federal government actually did fund a version of that here in Australia. I can only talk about Victoria, because the principal person involved in that was someone from my electorate. They came from the local area consultative committee and they set up a mature age forum over two or three years. I am not sure whether it is still going, by the way. Do you have knowledge of those forums that took place in Australia? If so, how does what you are proposing differ to what has already taken place in Australia?

Mr Batson—I do not know about the forums.

CHAIR—I think Swinburne institute has taken over the responsibility, because the area consultative committee executive director went to Swinburne as part of the process.

Mr Batson—That is right. I was about to say that the Swinburne University of Technology has an active role in educating employers. This is the principal matter that I think is important, and this is what the employers forum in the UK is doing. It is very active in educating employers on the need for age diversity in industry and on the removal of age discrimination. As you probably know, age discrimination is going to be outlawed in the UK in, I think, 2006. The Employers Forum on Age is working very hard to educate employers on the need for age diversity. I think that, to a certain extent, the Swinburne group is working hard. They have some affiliations with Australia Post through one man there, Pat McCarthy, who is a manager of change and development. He is working with the Swinburne group.

CHAIR—The other question I had relates to a comment made by one of our witnesses yesterday. I would like to get feedback on it from both of you. It was with regard to training for mature age job seekers. The comment was made yesterday that, based on OECD reports that have come out recently on comparative analysis of various labour market programs in 20 different countries, the return for the dollar that is spent on training mature age job seekers—with the exception of training women who want to get back into the work force—is very limited. What is your general comment about that and some of the work that has come out from the OECD?

Mr Batson—I think that is the reason for this problem now: the fact that through the eighties and nineties people said: ‘Let’s not worry about that bloke—he’s 57; he’s going to retire in five, six, seven or eight years or maybe earlier. What’s the point in training him?’ This is why we have the current situation, where there has not been any involvement in training mature age people.

CHAIR—Can I clarify that it is training the job seekers, not the people who are already in work.

Mr Batson—Both.

CHAIR—The comment was that the reports say there is very little dollar return and the evidence is not there that it actually helps them get into the work force anyway. This morning we heard the contrary view that, short term, that may be the case but, long term, the evidence is that there are benefits. I want to get your comments on that.

Ms HALL—Are you basically saying that because the investment is not made while people are at work, if they do become unemployed then, because they have been left without any training or skills development from their previous job, it is hard for them to move on?

Mr Batson—Yes, in essence.

Mr Tucker—Phillip, I made a point before you came in, which you may want to correct me on. A person can have a training program, but if there is no job available within the area they live in which requires those skills, or the person is not prepared to move, you do not have a match between the problem and the solution.

Ms VAMVAKINO—Or if there is a younger person who has those skills, the preference will go to them in most cases.

Mr Tucker—Indeed.

CHAIR—In a way, Neil, you are supporting what was said yesterday, because you are saying that the dollars going into training the person will not have any effect unless there is a job there to begin with.

Mr Tucker—That would be my informal, amateur opinion.

Ms VAMVAKINO—The empirical evidence seems to be showing that.

Mr Tucker—Yes. What pops into my head is that one of your themes is self-reliance. Let us imagine that somebody did a training course in automotive repairs, caravan repairs or something like that. Unless the person was also prepared to set up a home workshop if they could not get employment in the region, the skills would go to waste or not be used. There needs to be that equation.

CHAIR—Sure.

Ms HALL—What about gaining computer skills? When a job is advertised, a mature age person can apply because they have learnt to operate a computer and become IT competent. Whilst the job does not exist, it is nearly a basic requirement of even somebody working in the automotive industry to be computer literate. That is the other side of it. Do you think that older people can learn IT?

Mr Tucker—Absolutely.

Ms HALL—Do you think it is a waste of community money investing in that kind of retraining?

Mr Tucker—Definitely not.

Ms HALL—Good.

Mr Tucker—I will ask Phillip to comment on this too. At COTA (NSW) we actually run a computing club for older people. We see people from 40 to 85 acquiring computing skills right through to digital photography, so it is not an issue. We believe in the importance of that not only from the point of view of potential employability but also social participation and healthy ageing—the whole works. We think that IT training is a much more relevant, transferable and useful skill, including in job search itself.

Mr Batson—I think it is too. I am a typical example. I had to learn how to use a computer, and I did. I taught myself to use a computer and Microsoft Office. I think people of an older age are eminently trainable—we see them coming into our offices.

Mr Tucker—And they are employed part time at COTA as a consequence.

CHAIR—I have a concern with what you are saying. I do not think the issue is whether you are trainable or not trainable but whether the training dollar is going to result in you getting a job. That is the question. Of course you are trainable: we have brains and we are always developing and improving ourselves. But will it give you a job?

Mr Tucker—There are limited points. The first is that we have said, ‘Having trained, what and where is the job opportunity?’ The second is that—and this is not meant to be a criticism in any sense, it is the feedback we get—it is one thing to do a short-term training course of a general nature, such as acquiring Microsoft Office skills or learning Excel or whatever, but even the very good courses that are available are not always necessarily matched to the learning styles and skills of the people who attend. We have found that one-on-one training with volunteers is for many people more effective than attending a 10-week class course, for example. As you know, when someone is moving a mouse with experienced speed it is just so fast that people are lost. We employ a volunteer one-on-one training method where people can learn at their own pace and in their own way. The question is, in our experience, about the nature of the training packages.

The third point is still this difficult thing to get a handle on—it is perceptual. There is still in the marketplace the perception that because I am slow—and I speak personally; I am slower than

my wife, who is brilliantly fast—I am not as speedy or as IT proficient as a younger person may be. But then, I do not need to use the spellchecker.

Ms VAMVAKINO—In your introduction you hit the nail on the head in relation to people who are older—and some would say that 45 and over is now older. It is certainly consistent with a lot of the reports I get from people in my electorate who become unemployed and then cannot get a job because they look older. There are perceptions in the workplace at the moment that are working against people who are older. As a committee we are interested in what role government can play in tackling major impediments, and this is an impediment in the work force. We talk about training, but I saw a campaign run in Greece 20 years ago which I was very impressed with. They do not call their people ‘older’ or ‘seniors’; they call them the ‘third age’, which is an infinitely more sophisticated way to refer to people. They were running a campaign on not only the usefulness of people in the third age but they were making it trendy to employ older people. Do we need to make it trendy to employ people over 45 because really that is where it is at?

Mr Tucker—Yes, we do.

Ms VAMVAKINO—That is what I want to ask.

Mr Tucker—There are so many excellent individual anecdotal examples.

Ms VAMVAKINO—And role models.

Mr Tucker—And there are people in their 70s and 80s. We do not stop Peter Drucker writing a book, even in collaboration.

Ms VAMVAKINO—Do you think the money is better spent running a campaign like that as opposed to perhaps concentrating a lot of it on training and things that may result in job availability? Governments always have to prioritise budgets. What do you think would be a more effective way of overcoming it?

Mr Tucker—I will hear Phillip’s point but I think our joint view, particularly arising from the DEWR/COTA workshops and the Ageless Workforce Symposium, which is the first one in five years that I have known of which is even partly employer directed, is that the target needs to be—and it seems to me that government does have the capacity to do this—employers and consultants.

Mr Batson—This is the statistic that has been published and talked about since 1998: in the period 2020 to 2030—which is a long way away—there will only be 12,500 new entrants to the work force.

Ms VAMVAKINO—And, I understand, 500,000 jobs that will not be filled. That is the statistic.

Mr Batson—Right now there are 170,000 new entrants to the work force every year. In this period 2020 to 2030 there are going to be only 12,500. So where are the rest coming from? The rest are coming from mature age people. This is why there has to be an effort now to start an education program for everybody.

CHAIR—I was a board member of the equal opportunity council, and the whole issue of age discrimination was certainly very prominent. However, while the attitudes of employers are a problem, I would have thought that there are also non-attitudinal barriers to employing people of mature age which you have not addressed. You may want to comment on that. I receive comments about those on a regular basis from within my electorate. There are people who want to stay in the work force but cannot because of superannuation problems or perhaps because the employer is fearful of workers compensation liabilities or whatever it may be. They are regulatory things that can be dealt with. Regarding the attitudinal ones, we have talked about forums, symposiums and advertising campaigns. They were pretty well covered through the previous inquiry that we held. But it is these other issues that are perhaps still not being addressed by both state and federal governments.

Mr Tucker—I am sorry; my mind before you spoke was partly elsewhere, thinking how you, given your capacity and responsibility, deal with this range of conflicting social issues that you have—so, can we get back there via here? On the one hand, you have family issues in the work force, such as child care and employment or subsidy for one of the spouses to be relieved. On the other hand, you have structural unemployment, with one, two or three generations being pension dependent, and you have all the associated family, non-family or break-up issues so often associated with that. Then you have one of the issues that we are raising, which is all this social, employment and economic capacity at the other end of the market, which could contribute to the economy, being underutilised and unused. That is where my head was. How do you deal with that mix and, coming back to your question, where do we best apply whatever money is available to achieve structural change? I do not know that we are bold enough or presumptive enough to have a recipe for that. But to argue that, we think at least that part of it is carrying on what this inquiry, amongst other things, will lead to, which is greater collaboration between the disparate and independent bits of the puzzle. We do think that that will have significant merit. We operate as left hand and right hand, apart from each other, and we think that we duplicate resources and expenditure. If we can contribute to that kind of collaborative enterprise that will be a positive contribution.

Mr WILKIE—It is particularly important to me, given that I am going grey and am 45 this year. I need to deal with this issue.

CHAIR—I can see the grey hair!

Mr Tucker—But we began, as a nation, certain things that seemed sensible, such as accessing superannuation at 55. No-one planned the huge cut in middle management structures in the eighties and nineties. It just happened. It is the case that since 1996 there has been a greater take-up of older workers than in the previous 20 years. As I said to you in my opening remarks, we do have major recruitment consultants saying, ‘We don’t have a problem placing older workers.’ Yet, according to *Too young to go*—and our own experience—there are possibly 300,000 people like us in New South Wales who cannot find jobs that are appropriate. Yet, the comment to a business executive the other day was, ‘Well, there are opportunities in the aged care sector, so why don’t you go and do a short aged care workers course and get employment in a nursing home?’ The client was concerned about that, to which the comment was, ‘Then you do not want employment very much, do you?’

CHAIR—That is the point I am making. Some of these things are attitudinal, and you cannot regulate for attitudes. But there are other things that we can work on as governments.

Mr WILKIE—Your submission refers to subsidy issues for mature age job seekers and employers who hire aged workers. Can you please elaborate on that statement? What is the age group referred to, what type of subsidies are envisaged and why might this approach be more effective than other approaches?

Mr Batson—It is just a statement: I think there are subsidy issues. I have read several reports on subsidies, and the issues are so wide and variable. I really cannot answer what sort of subsidy should be given. I do not know whom it should be given to. Maybe it should be given to employers who employ mature people. I do not know whether it should be given to a person like me, who was out of work for two years and ended up taking a job typing letters. After working 30 years in high-profile manufacturing positions, I type letters. Should I get a subsidy?

Mr Tucker—But you have a 10-year-old son and a family to care for. I have three very quick comments; just see if these fit. At the upper end of the market, a redundancy package or retirement package can include a quite substantial amount, of between \$1,000 and \$3,000 where the employer can afford it, for the employee to go to a recruitment consultant, for personal retraining or for something like that. So a very large amount of money is spent on ‘training’. My experience of that is that it might give the person a CV; I think the actual result out of that is very low.

Then there is—and we have referred to it two or three times—the Mature Workers Program in New South Wales, which is not means tested. It carries with it one training package to a value of \$300—just one; you only get one shot at it. Yet our understanding is that some 5,000 mature workers in New South Wales are placed in it each year and are typically dealt with by experienced mature worker consultants who actually understand the issues and probably even have personal experience of the issues they are dealing with. In our knowledge, that is a highly efficient program in terms of subsidy being directed, used, relevant and successful.

I gave a whimsical example earlier from a person working in that program. There are no subsidies for hair colouring, yet there are examples of people receiving that. The point was that the only subsidies available were for a computer training course or an aged care workers course. A sum of \$80 was spent on the hairdresser rather than \$500. One swallow does not make a summer. We are saying we need to be careful. Here is \$3,000 spent with little outcome and here is \$80 spent with high outcome.

One other point, which has probably been made to you by others and which we see as positive, is that steps have been taken by Centrelink to specifically train mature consultants to deal with mature workers and to engage in a highly intensive training program themselves. That, we think, is a very positive initiative and might lead to more efficient application of such subsidies as are available. But we think Phillip’s point about employers is important.

Mr WILKIE—A lot of unemployed mature age people are long-term unemployed and eligible for Job Network providers’ assistance. Job Network providers have money available to provide things like hairdressing or other things, but my experience—from submissions that we have received in the past—has been that often case management services are not using those

funds to assist mature age job seekers. We found that in the inquiry that you had earlier. Has it been the experience of the people that you have been working with that, when they go along to case management services for assistance, often those case management services are not providing money and support that could help people get a job?

Mr Batson—Using my life as an example, I was out of work between 1998 and 2000 and, because my wife earned over \$750 a fortnight, I received nothing; I received no help. I did not know about the Mature Workers Program. It was never offered to me; nothing was ever offered to me. I think a lot of the criticism of Centrelink that came from our workshops was probably due to the fact that it was very difficult to get help, even if your wife did not earn \$750 a fortnight. It was difficult to get help, and there was a lot of anxiety about and aggression towards Centrelink. In fact, we had to keep the Centrelink people at our workshops at a very a low profile—if we had them at all—because there was a lot of aggression directed towards them, such as arguments and stand-up fights about the lack of assistance. That happened in all of the venues.

CHAIR—Perhaps it is better for Centrelink to be there so they can hear it.

Mr Batson—They did. There was a DEWR representative there who looked after Centrelink, and he heard the lot.

Ms HALL—What is the outcome of the Mature Workers Program as a percentage?

Mr Tucker—We honestly do not know.

Ms HALL—I think you can get that figure.

Mr Tucker—As I understand it, there is \$1 million per annum allocated to the program, there are 60 participating not-for-profit—largely—organisations, and there are 5,000 people placed. That is 5,000 from a total candidature that I do not know.

Ms HALL—Can you find the information for us on the percentage of people involved in the Mature Workers Program in New South Wales and send it to the secretariat? That would be really useful information for us.

Mr Tucker—Yes, we can find that.

Ms HALL—In New South Wales, the largest single discrimination issue that is reported is age discrimination in employment. We have just passed new federal legislation—and maybe, when you wrote the submission, that age discrimination legislation had not gone through the federal parliament. It recently went through. As opposed to every other form of discrimination legislation, this legislation is a little weaker because it says that it must be identified that that is the main cause of discrimination as opposed to persons just being discriminated against on the grounds of age.

Mr Tucker—How do you identify it?

Ms HALL—I will link that to some of the submissions that we received yesterday. It was subtle. People were arguing that people should not be discriminated against on the grounds of age in relation to things like occupational health and safety issues associated with employing older workers. I refer to the Council of the Ageing (New South Wales) brochure on the mature age employment network, where you highlight the fact that there is actually a lower cost associated with occupational health and safety when employing older workers.

Mr Tucker—Less sick leave, less absenteeism.

Ms HALL—Yes. We receive stereotyping that there is going to be more absenteeism and greater costs associated with a higher level of illness.

Mr Tucker—There is no evidence. There may be some evidence in trades where there is chronic back injury; otherwise, no. I will make a quick comment to Mr Wilkie: on the issue of where money should go, and looking at successful programs such as the Mature Workers Program, my totally amateur, off-the-cuff comment is that I would look at increasing the personal mentoring possibilities. We deal in the macro money of Centrelink services and so on at that level, but what works is increasing the personal one-on-one support.

Mr WILKIE—I suppose that is what I am saying about case management, because that is what it is supposed to provide. It is supposed to be there now.

Mr Tucker—Yes, committed case management.

CHAIR—Just on Ms Hall's last question, if you do have evidence on the positive effects of employing mature age people, could you provide that. Yesterday we received some United States based evidence which was very industry specific. We would certainly like to hear of any contemporary Australian based evidence. Thank you very much for coming in. I apologise for appearing a little rushed towards the end. If we have any other questions, I hope you do not mind if we get back to you. Certainly it has been very good to have you here today representing the older fraternity, of which we are rapidly becoming members.

[11.40 a.m.]

LADD, Ms Rebecca, Secretary/Treasurer, Australian Federation of Deaf Societies

SABOLCEC, Mr Joseph, Executive Officer, Australian Federation of Deaf Societies

WILTSHIRE, Mr Andrew Timothy, Community Liaison and Projects Officer, Australian Association of the Deaf Inc., through Mr Andrew Carmichael, interpreter

CHAIR—Do you have any additional comments to make on the capacity in which you appear here today?

Ms Ladd—I am also the Executive Director of Client and Community Services for the Deaf Society of New South Wales, which is a member of the Australian Federation of Deaf Societies.

CHAIR—Welcome and thank you for meeting with us. The proceedings here today are formal proceedings of the parliament. Although the committee does not require witnesses to give evidence under oath, you should understand that these hearings are legal proceedings of parliament and warrant the same respect as proceedings of the parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The committee prefers that all evidence be given in public but, if at any stage you should wish to give evidence in private, please ask to do so and the committee will consider your request. Before moving to questions and discussion, I invite each of you to make some preliminary comments about the issues you think are important to the inquiry. First I will address a procedural matter with your interpreter. Do you want us to pause at times?

Mr Carmichael—No.

Mr Sabolcec—I have prepared a general statement in terms of our submission, and Andrew and Rebecca may wish to add to that. First of all, we would like to thank you for the opportunity to come to speak to you today; we think this is a very important opportunity. I will start with some general background in terms of the issues that our organisations are concerned with and how they impact on employment, and then I will talk about some specific examples that we have raised in our submission that relate to the recommendations that we have made.

As we have explained, the Australian Federation of Deaf Societies is the peak body representing deaf societies that provide services to people who are deaf and use Australian Sign Language, also known as Auslan. Deaf societies provide a number of services, including employment and youth programs and services to rural and remote communities as well as Auslan interpreting. We work closely with organisations like the Australian Association of the Deaf, which is the consumer organisation which Andrew is representing, and the Australian Sign Language Interpreters Association also. I will start with the general point that it is useful to point out that many deaf people are already in the open employment sector market. They have the same employment potential as their nondeaf colleagues and can be found working as solicitors, managers, community workers, IT specialists and so on.

It is also our view though that deaf people continue to experience significant barriers to full economic participation because of the fact that they do not have consistent access to accredited

sign language interpreting for many employment related opportunities. Briefly, this is the case, first of all, because of the lack of government funding in most states for sign language interpreting services. The costs associated with interpreting are quite high. A two-hour appointment can draw a fee of approximately \$160. As a result many organisations will balk at paying this fee. They will either not accept responsibility or claim financial hardship. To a lesser extent there is a shortage of accredited interpreters in Australia as well.

CHAIR—Is that \$160 per hour?

Mr Sabolcec—That is for a two-hour minimum period. Briefly, those are some of the issues that have an impact in this area. If we think of a deaf person as a person from a linguistic minority group, without an Auslan interpreter, they are disadvantaged in comparison with other members of the community when they are looking for work—especially when you talk about things like job interviews and training and development. It does not mean that deaf people are unable to communicate on a one-to-one basis in the workplace. Andrew may wish to expand on this. It also does not mean that deaf people need an interpreter every day of the week that they are in employment. But there will be times where accurate, clear communication will be required and in those situations many people will want a qualified sign language interpreter to be present so they can interact in confidence; for example, with a panel like this. So the fundamental issue that we are talking about is communication. I will quickly run through the sorts of situations that it comes up in.

In spite of 10 years of the DDA, access to education and training institutions is not fully and consistently accessible to people who are deaf and use Auslan. Again, that is coming back to the costs associated with Auslan interpreting. Private institutions are particularly loath to pay for a sign language interpreter or for note taking for a course that a deaf person may want to do. Employers are generally unaware of their employment obligations and of the potential of deaf people as employees. So they are not often aware of the reasonable adjustments that they can make that do not necessarily have to cost a great deal. Obviously there is no denying the fact that Auslan interpreting is a significant cost—and that is the key concern that we want to raise today. But there will be other strategies that can be used as well: SMS, email and so on have all helped deaf people to be able to communicate in the workplace quite readily.

As I have said before, some situations will require an Auslan interpreter, however. That will include things like job interviews. It seems to be obvious, but it is amazing how many times deaf people are not provided with an interpreter for a job interview. Occupational health and safety training is a legislative requirement, yet I would be surprised if many deaf people have had access to a training course on OH&S with an Auslan interpreter. Staff appraisals would be the other example. The reason for this is that, unfortunately, there is no financial assistance available to employers in the open employment market to assist them in meeting those costs. As we have mentioned in our submission, the costs associated with Auslan interpreting are specifically excluded from the guidelines for the Department of Family and Community Services Workplace Modification Scheme. That scheme would otherwise provide a number of other technological devices and so on in the workplace. Finally—in fact, it is interesting coming from the discussion that we heard earlier—we are also concerned that many employment agencies which assist disadvantaged job seekers are also unwilling to provide an Auslan interpreter for deaf clients, even though they would be aware that that would disadvantage their deaf client. We have made

various recommendations, which we are happy to discuss, that we think would start to address these issues.

The other point that I thought might be worth noting at the outset is that you will probably also note from our submission that the Department of Family and Community Services recently completed a study looking into the supply, demand and funding of sign language interpreting services in Australia. That was done in response to the Prime Minister's personal interest in this issue. We understand that a final report and a submission have now been prepared and are with the Minister for Family and Community Services. We have not actually seen the report, but we understand that a number of issues like employment, training and education were included in the study and we assume therefore that there would be recommendations there that may be of interest to this inquiry.

CHAIR—Ms Ladd, do you have anything further to add?

Ms Ladd—Joe has really covered everything that we wanted to say in our opening statement.

CHAIR—Mr Wiltshire?

Mr Wiltshire—I would like to echo Ms Ladd's sentiments. I think Joe has managed to cover all the points very well.

CHAIR—I thank you very much for coming in and for your submission and for giving evidence today. I have a particular interest in the deaf community. I think mine is one of the few electorates in Australia that actually has a kindergarten, a primary school and a nursing home which are deaf specific. So the issues of Auslan interpreters, and the cost of Auslan interpreters, come up on a regular basis, and I make sure that every minister that comes through gets exposed to those particular points. Tell me briefly: how big is the problem? What are we talking about in terms of numbers of job seekers in the deaf community? I just want to get a feel for how large the problem is we are dealing with.

Ms Ladd—Firstly, the number of deaf people looking for employment would be very similar to the number of hearing people that are looking for employment. If we are looking at actual numbers that we would call deaf, as opposed to the hearing impaired, at the moment research suggests 15,000 to 20,000 within Australia. Of course all of them are not necessarily job seekers—that is the whole deaf community. Within New South Wales, for example, there are approximately 6,500.

CHAIR—That is quite substantial. We did hear some evidence yesterday about the problem of disability support pensioners accessing work, particularly the dual system operating through DEWR and also the Department of Family and Community Services. Do you want to make a comment about that? How do you see that operating? Is it a hindrance? What changes would you like to see made to the government procedural systems that are available at the moment?

Ms Ladd—Certainly in terms of disability service providers—so within both systems—they do not really cater well for deaf people. What happens is that there are three organisations that provide specific deaf services—NOVA Employment, Options Community Enterprises and the Deaf Society of New South Wales. The Deaf Society of New South Wales and NOVA

Employment are both FaCS funded services, and Options Community Enterprises is under the Job Network. To some extent I think there are some positives in that obviously it gives people choice between the two. We at the Deaf Society have certainly experienced problems in the past when we had to have a certain percentage of people on the disability support pension to be eligible for our service.

Part of our argument would be that deaf people, unlike many other people with disabilities, would see themselves as somewhat separate from people with disabilities in that they regard themselves as a linguistic minority group. So many deaf people are actually not on the disability support pension and therefore would not be eligible for our service. I suppose I see that there is competition between the two services and certainly there have been attempts in the past for the three organisations that provide deaf specific services to communicate, and we ensure that clients are not double-dipping. So we have collaborative relationships with each of the other services as well.

Ms HALL—I am very interested—and it is probably moving away a little bit from your submission—in the actual employment opportunities that exist at the moment both within the public sector and the private sector for people with hearing impairment. Previously I know there was a definite commitment within the Commonwealth public service and the state public service to offer employment to people with disabilities, with hearing impairment falling into one of those categories. But in recent times I have heard of people being targeted—and hearing impairment was one of the disabilities targeted—and people were offered voluntary redundancies. Would you like to comment on that, please?

Mr Sabolcec—I can comment as a former human resources person in a government department and a former EEO coordinator—although that was some time ago—and I would agree with you. In the past the public sector was larger both at the state and the Commonwealth level and there were more opportunities. There were a number of different levels within the public sector. One of the by-products of—I have forgotten the term—reducing the number of levels has meant that there is less movement within the public sector. I think that what is happening is that, whereas in the past most organisations were pyramid shaped, they are now moving more to diamond shaped structures, with very few people at lower levels. A lot of that work has been outsourced and so it is very difficult for people to get into the public sector. So I would agree with you. I think that area, as a potential employment market, has probably decreased significantly.

The other factor is communication within large organisations. It tends to be easier in some ways because you often have a lot of technology and cultures. I certainly worked in a fantastic organisation. We had a number of deaf employees and that, in fact, is how I got into the area of sign language interpreting. In the private sector I suspect similar things are happening.

Mr Wiltshire—Perhaps I could add to what Joe just said. I used to be an employment consultant for one of the organisations mentioned. One of the specific issues that we had a problem with—and this applies to public and private organisations—was that the minute you phoned to arrange an interview and said, ‘I have a client who is deaf,’ all these questions were fired at you about communication skills and how they were going to cope in the workplace. So you are dealing with a significant attitudinal barrier from the very outset.

Ms Ladd—Similarly, if you look at any ad in the paper, almost without question there is a requirement for communication skills. With regard to communication skills, most people see that only as verbal communication skills, so there is that immediate barrier as well. Certainly from our perspective, people may be in the public sector but tend to stagnate at very low levels. They may be very capable of doing jobs at higher levels and may have acted in higher level positions for a number of months, or even a number of years, but when it comes to interviews they fall down because deaf people do not necessarily have access to all the subtleties associated with interviews when they do not have access to the spoken word.

Mr Sabolcec—Although I was not aware of any particular groups being targeted for voluntary redundancies, for example, my experience unfortunately was that many people with a whole range of disabilities were often in positions that were easily targeted for redundancies because they did tasks that were, or seemed to be, easily allocated to other areas. So I think there was a problem in that they were often in good recruitment areas, but they were also in positions that were removed when organisations downsized.

Ms Ladd—And there was the move to multiskilling.

CHAIR—Following on from Ms Hall's comment and your answer, there would be a whole range of jobs that deaf job seekers could do just as easily as able-bodied people. What is the profile of the typical types of jobs that they are managing to get?

Ms Ladd—If we look at the past, trades, without question—there were very few white-collar workers—but in more recent times there are more and more white-collar workers. For example, there are a couple of deaf people who use sign language as their main means of communication who have qualified as solicitors. They do not practice as solicitors, probably because the legal fraternity is not so keen to welcome them in, but they certainly are employed in managerial roles and in human resources—you name it, pretty much, with the exception of a few areas; for example, deaf people are not able to be pilots or telephone operators. Deaf people are pretty much able to access the whole range of skills and jobs that hearing people are able to access.

CHAIR—Would you have some figures on occupations and industries, along with proportions in each of the jobs?

Ms Ladd—There has not been much research done on that particular thing, but a general demographic study was done in New South Wales in 1999, and we certainly have those figures. I do not have them with me today, but we could certainly provide them, but that only applies to New South Wales unfortunately.

CHAIR—Thank you very much.

Ms HALL—I want to refer to attachment 3 in your submission, which looks at funding of services and agencies. It gives funding for 2000-01 to 2002-03. I noticed that the Deaf Society of New South Wales has received zero dollars in those two funding periods. What about previously?

Ms Ladd—We have never been funded for interpreting services.

Ms HALL—You have obviously put in applications for funding and reasons were given for not receiving any funding.

Ms Ladd—That is right. It is very difficult to target a specific bucket of money under which we can apply. For example, immigration provides for all other community languages. However, I think it is important to recognise that Auslan has been recognised in the national language policy as a language. DIMIA provides for all other languages, with the exception of Auslan, which we think is reasonably inequitable. Certainly in the past we have applied under other programs such as FaCS and the Department of Health and Ageing for private medical interpreting, but to no avail.

Mr DUTTON—Rebecca, the Western Australian Deaf Society is funded through the Disability Services Commission; is that a state-funded body?

Ms Ladd—Yes.

Mr DUTTON—So the state governments in Western Australia and Tasmania provide some funding but the others do not and never have. Is that right?

Ms Ladd—That is right.

Mr Sabolcec—As far as I know, none of the others have. I do not think that Vicdeaf has ever received funding, and Queensland never has either.

CHAIR—In fairness to the other states, do they provide funding to other agencies or organisations? In other words, do they go directly to the source rather than providing it to the peak body?

Ms Ladd—No. Although, if a deaf person wanted to access a Commonwealth government service they could, and the Commonwealth government would provide in that particular instance.

Mr Sabolcec—Through the service.

Ms HALL—Your argument is that all other forms of interpreting services are funded through the Commonwealth but, when it comes to Auslan, the service is not funded.

Ms Ladd—Yes. It is the disadvantage, which is also obviously an advantage of the whole-of-government approach that is required. It is people passing the buck.

Ms HALL—So it is only those states that have been proactive in the area that have funded it, and what you would like us to do is recommend and recognise that it is an area that should be funded by the Commonwealth.

Ms Ladd—Yes, that is right.

CHAIR—Which is what this report is about that FaCS is doing.

Ms Ladd—That is right.

CHAIR—So FaCS has made inquiries into that.

Ms Ladd—They are looking at demand and supply and then, as an adjunct to that, funding.

CHAIR—No doubt you have made a submission to that inquiry.

Mr Sabolcec—Yes, we have.

Ms HALL—And you would like us to help you submit it.

Mr Sabolcec—I think it is probably worth noting that the funding does not cover all the costs that those organisations meet for interpreting. They are subsidising their services. Western Australia is a good example: that money actually covers the administrative costs associated with interpreting. It subsidises the service but it does not actually completely cover the costs. Organisations still need to work very much within tight budgets for that reason.

Ms Ladd—For example, if you look at employment services, my organisation would have the capacity to charge a fee for interpreting services, and we do that in a number of cases. As you can imagine, it would automatically disadvantage the job seeker in going for a job interview if you were to say to the potential employer, ‘By the way, you’re up for \$165 for interpreting costs.’ In that situation the Deaf Society would cover it.

Mr WILKIE—It is good to see that Western Australia is leading the way yet again.

Ms Ladd—Even though we are the premier state.

Mr WILKIE—It is also sad to say that, at the Commonwealth level, we do not actually provide interpreting services for people who come to visit members of parliament. That is something that the Commonwealth probably needs to address in the future.

Mr Sabolcec—I think that actually has been an issue.

Mr WILKIE—It has: I have heard of somebody who sought an interview but was unable to get it because the member was not in a position to pay for the interpreting service at the time. I think that is something that we need to look at making a recommendation to the parliament about, so that we can fund that in the future from a certain pool of funds. Your submission refers to the ‘refusal by employment assistance providers to pay for the interpreting services’. I have this personal beef with providers who actually get additional income because they are working with people who may be harder to place than others but who are not prepared to dip into that additional money in order to provide services. Is this a common occurrence experienced by your members?

Mr Wiltshire—Yes, I think it is. When working under the DEWR model, in the old contract of round 2 there certainly was, as you say, an allocation of funding that was given to organisations that worked with deaf clients. But under the new contract I know that there is only an \$11 fee nominated for interpreting costs for the whole of the three-year contract. I need to

check the authenticity of that figure, but I understand that it is some nominal, very small, amount. It does not allow for all of the extra costs in providing services to deaf clients. The staff of those employment assistance agencies do not have experience of working with deaf people and they need training, so there are all those other extra difficulties and costs that those organisations are having to shoulder.

Mr WILKIE—I would also think that they should be able to access the additional income that they are receiving for placing people and so provide services to employers on an ongoing basis. Have you seen that happening at all or is that not occurring?

Ms Ladd—Certainly not with disability in general. The deaf specific services tend to do that much more but in some ways, because the funding is very limited anyway, it is difficult to continue dipping into that because interpreters are expensive and so interpreting very quickly eats up the funds.

Mr WILKIE—But these Job Network providers who place people with disabilities receive thousands and thousands of dollars over and above that which they would receive for placing someone who does not have a disability. I get very concerned that they have not been using that money to help place people and support them in the workplace, which is what they have been funded to do. So I am wondering if there is a need to look at annexing some of those moneys to provide services which they should be providing but are not.

Ms Ladd—We would certainly like to see that happen. What happens is that a deaf person may go to a Job Network disability service provider, for example, and then the Job Network provider will automatically call one of the deaf services, because they do see that they are too expensive and they are not willing to dip into their funds.

Mr Sabolcec—The whole aim of having competition and of people having access to a range of services they can choose from then gets removed. In New South Wales there are three services. In some states there might only be one service, and if it is not providing interpreting then there goes your choice.

CHAIR—You made a comment about tax credits and the United States experience. Often tax credits is thrown up as a possible solution to various problems. It seems you have some mixed views about that, based on the US model, as a way of funding Auslan interpreters. The difference is interesting: 79 per cent of the public sector here use interpreters but only 36 per cent of the public sector do in the United States.

Mr Sabolcec—I suppose the problem is that employers are still required to cover the costs in the first place and then minimise their tax in that way, so they are still not recovering the full costs. From what we understand, there is quite a bit of administration involved in that as well. The UK model has worked better in a more practical way. Again, it is still a reimbursement one but, from what I have seen—I have actually lived in the UK—organisations can more readily get funding for sign language interpreting. It is actually within the guidelines for the scheme that is in the UK, the access to work program. That would be a model that would seem to be closer to the scheme we already have set up here, which is the Workplace Modification Scheme.

CHAIR—So to you the solution is to allow the costs to be recovered under the workplace modification scheme?

Mr Sabolcec—It would seem to be, given that for deaf people sign language interpreting is the key workplace modification that is required. Given that that is specifically excluded, that would seem to be an obvious change to make.

CHAIR—Have you any assessment of the dollar figure we are talking about?

Ms Ladd—Specifically in regard to employment, probably not. But overall, if you look at what we are looking at in terms of the whole funding of interpreting services, nationwide it has been quoted as \$767,000.

CHAIR—So that is nationwide?

Ms Ladd—Yes.

CHAIR—That is just employment?

Ms Ladd—No, that includes employment. It is for everything. For people accessing their local doctor, going to see solicitors and on special occasions that is a very small amount.

CHAIR—It is like my nursing home putting on Auslan interpreters. We are not talking about a lot of money, are we?

Ms Ladd—That is right.

Mr DUTTON—I want to go back to the question of the funding and what the justification is by my home state of Queensland, for argument's sake, for not funding services, whereas Western Australia did to the tune of \$117,000 in 2002-03. What argument do they put forward? How do they justify their position, as opposed to that of Western Australia or indeed Tasmania?

Ms Ladd—Our guess is as good as yours. We are all pursuing a similar argument. The Australian Federation of Deaf Societies has six members, so each of the state deaf societies belongs to it. We are all in regular contact, we pursue the same arguments. I think it is just that the individual state may feel more kindly towards it—I do not know. In terms of Western Australia, for example, that is not only for interpreting services per se—the actual placement of a practitioner in the field—but it is also to do the interpreting scheduling. It is to pay for the person scheduling appointments as well.

CHAIR—Would any of you like to make any closing comments?

Ms Ladd—We have a few recommendations.

CHAIR—We have gone through your submission. Is there anything in particular that you would like to close with?

Ms Ladd—The key for us is the funding of the interpreting services by government. That is it in a nutshell.

CHAIR—That is pretty clear. Thank you very much for taking the time to put together a written submission and for appearing before us. If we have any other questions we will certainly get back to you, particularly in the lead-up to writing the report. We will follow up on the FaCS report. I understand the report is not available at this stage, as of Friday. Hopefully, when parliament resumes it may be available for us to have a look at. Thank you.

[12.16 p.m.]

MIFSUD, Mr Mario Charles, State President, Combined Pensioners and Superannuants Association of New South Wales Inc.

SKIDMORE, Mr David James, Policy and Information Officer, Combined Pensioners and Superannuants Association of New South Wales Inc.

CHAIR—Welcome. Thank you for agreeing to meet with us today to give evidence. The proceedings here today are formal proceedings of the parliament. Although the committee does not require witnesses to give evidence under oath, you should understand that these hearings are legal proceedings of parliament and warrant the same respect as proceedings of parliament itself. Giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The committee prefers that all evidence be given in public, but if at any stage you should wish to give evidence in private please ask to do so and the committee will consider your request. I invite each of you to make some preliminary comments about the issues you think are important to this inquiry, and then we will move to questions and general discussion.

Mr Mifsud—I would like to make one stipulation before we start, regarding the nature of the submission that we put before you. Our organisation represents pensioners throughout the age spectrum. However, the submission before you relates to seniors, over-65s. We do relate to other seniors, which we will take up with you as the meeting progresses.

Mr Skidmore—As Mario pointed out, our constituency is pensioners across the spectrum and also low-income retirees. Having said that and looking at the terms of reference of the committee, if you are talking about paid employment, people in the age bracket of 65 years or more should be allowed to continue working if they want. I would go so far as to say that a 70-year-old has as much right to paid employment as a 20-year-old. However, I was a little cynical about the government's agenda when this inquiry was kicked off. It was stated:

The inquiry is being held against the context of the ageing of Australia's population, and its potential adverse impact on future economic growth.

It seems to me that ageing is considered a problem. Speculating that older people have an 'adverse impact on future economic growth' is not sending them out a particularly good message. It is implying that somehow they are a burden on the system. We are interested in how the committee will look at people's quality of life and factoring employment into that equation rather than trying to introduce policies that could be more coercive and force people back into work whether or not they would prefer to be on the pension or retired on their superannuation savings. We also believe that if this committee and the government want to take the issue of participation in paid work seriously the committee must expand its reference to include those who are 40 years and above. I will discuss that point further in a moment.

Looking at the economic context and the recent history of paid work in the Australian deregulated economy, we find that casual employment increased from 16 per cent of employees in 1984 to 27 per cent in 2002. Part-time employment increased from 18 per cent of employees in 1984 to 29 per cent in 2002. Paid permanent full-time employment fell from 74 per cent of employees in 1988 to 61 per cent in 2002. These figures are cited from the ACTU. That period,

apart from the recession in the early nineties, was an economic boom. I remember that during the recession of the early nineties the Labor government was rightly castigated because unemployment figures were officially over 10 per cent. But I think it is equally problematic how, under both coalition and Labor governments, we have allowed casual employment to rise so high at the expense of permanent jobs. If we want to encourage older people to participate in the work force, we need to offer them incentives, such as permanent paid employment, not casual work—which can often be little better than the pension and can be problematic when reporting back to Centrelink about how many hours of work they did each week in terms of their pension.

At the moment in Australia, as in most Western countries, we have the problem of ageism or age based discrimination—or aged related bigotry if you really want to call a spade a spade. In the private sector ageism is more rife than racism or sexism, according to a *Financial Review* article I read last year. The same article stated that some companies have unofficial policies of not hiring people over 40. According to figures from the New South Wales Department of Ageing, Disability and Home Care, nearly 50,000 people in the 45-plus age bracket were unemployed in New South Wales in 1998. The average period of unemployment for a person aged 54 to 64 is 89 weeks—compared to 25 weeks for somebody aged 15 to 19. Employment participation rates for individual age groups are highest for people aged between 20 and 44 and lower for each subsequent group. So how are the current government or future governments, coalition or Labor, going to factor in this free market culture that we have and at the same time address the situation we have where people aged 40-plus are regarded by many employers as unfit for work? How will the government apply antidiscrimination legislation to companies who are guilty of ageism? How can it consider paving the way to paid work for 65-year-olds when paid work is really unobtainable for many people in a younger age bracket?

Just to sum up, there are a few other things that we are worried about. Firstly, we are worried about the continual talk that crops up in the media about a possible move of the age pension age from 65 to 70. In that context we are worried about the abolition of Centrelink mature age allowance and a shifting of former recipients onto Newstart—not to mention the federal government's determination to get many people off the disability support pension, regardless of the consequences. I would say that, yes, we support the right of people of all ages to obtain work but, at the same time, we do not want people coerced into work and we do not want to see the age pension age lifted from 65 to 70. We call on the government to seriously consider doing something about getting rid of ageism in the work force. We support what the government has done in terms of federal antidiscrimination legislation against ageism—I think it is still a bill at the moment.

CHAIR—It has been passed.

Mr Skidmore—We have supported that, but perhaps that should be expanded and given a few more teeth.

CHAIR—Mr Mifsud, do you want to make an opening comment?

Mr Mifsud—Yes, thank you. I want to talk about an over-65 work force. That is what is coming out of the popular media. We do not hear these other things that, for example, we heard today. Honing in on purely that aspect, it may be good for me to read out two sections of our policy. Our policy starts by saying:

CPSA recognises the right of citizens to choose to remain in, or seek paid employment beyond the Age Pension age at 65.

Later, our policy—I will only quote the relevant part—says:

CPSA wishes to strongly affirm the rights of those citizens who wish, or indeed must, enter into retirement at age 65.

Our concern has arisen because, even though we have made contact with the relevant ministers—Senator Vanstone and Mr Kevin Andrews—and their replies have always been, ‘No, we are not considering increasing the qualifying retirement age,’ we get constant inquiries from the popular media asking about this green paper, that blue paper or that rainbow paper that has been floated to parliament proposing that the retirement age be increased to, for example, 70.

Let me tell you why this is pie in the sky and ridiculous. It is because some people think that going into retirement age is going to that wild blue yonder where wonderful holidays and fishing happens. In some cases—in a world which, with respect, some of you would probably not even know exists—the hard physical work of the metalworker, wharfie or sailor means they come out with broken limbs, torn muscles and broken bodies. There is also the psychological side of things for, say, policemen. And then there is the banker or finance person who has had enough, their grey matter cannot keep up any more, they are tired, they want a rest and they are actually reaching out for the age of 65.

Now, if there is any truth in what the media are asking us, if there is any fire where smoke has shown itself, we want to put it to you to absolutely kill this one, because it just does not make sense. It is pie in the sky. For example, a sailor has worked all his life—or her life; there are women sailors, I believe—and has been knocked about by storms, spars and bits of rope. Sailors have broken bodies, torn muscles and they are reaching for that 65. Indeed, they are reaching for an age before that. If there is no retirement pension available to them, they will be in a position to make a choice—what a wonderful choice it is!—to remain employed or to live in poverty. Those are the two options. In that case, if the age is at all tampered with there will be a compulsion. It will not be what we said in the first place—the right to make your own choice—it will be a compulsion, because the option will not be acceptable.

The other thing that concerns us is having a work force of over-65s retraining, which we heard our predecessors at this table talking about. That is ridiculous. Whoever wrote that paper has not seen life in the raw, in the school of wild knocks out there. Training: it takes an apprentice—taking the majority of people who are in the trades or similar—five years to complete an apprenticeship and five years journeymanhood to reach the highest level of skill in their chosen profession, trade or whatever. Can you imagine a 65-year-old committing themselves to 10 years to come up to scratch? Can you imagine employers committing themselves to that sort of thing? We cannot. It is pie in the sky stuff. Therefore, that person, rather than get retrained, would have to resort to that career that he or she has followed that has knocked them about to the point where they just cannot take it anymore—there is their use-by date and all that; it comes down to the body, I believe. Now, if they arrive at that point and there is retraining for 10 years, nobody will take it on—indeed, they are a bit cynical and a bit funny about it. They would have to choose the career that they had before, the dangerous career that they had before, when they are well into their 60s.

The other aspect of that is compensation insurance. Has anybody thought about that? With the predatory way that insurance is being handled—not just in Australia but the world over—and the way they are carrying on, can you imagine insurance companies accepting workers comp or insuring workers of that age? And not everybody will be in a safe office where you can only be punctured by a paperclip; some of them, like me, will be working with metal that is dangerously looking all the time to chop your arm off, your fingers off, if you do the wrong thing. Will insurance come in and say, ‘Yes, we will support such a work force by giving them insurance’?

Finally, the last point I wish to make is: why are we talking about a work force of 65-year-olds—if that is what we are talking about—when we have 40- to 65-year-olds who are having such dreadful trouble finding work? We have heard about the attitudinal boundary that our predecessors at this table, the deaf people, encountered during the combat course of finding work, which is another thing a 65-year-old would have to go into. But why are we looking at 65-year-olds when those 40 to 65s and those other categories should be looked at more properly by the government? I will end with that point, Chair.

CHAIR—Thank you very much, Mr Mifsud. Can I just correct a couple of things before we start, because I think there might be some misinterpretation. This inquiry is not about an age-specific participation level; this is a general inquiry about what we can do to improve participation levels in the work force, from the teenage school leaver level right through. It is a fact, though, that one of the demographic shifts that is taking place in Australia—and we heard it again this morning—is that by the year 2020 or 2030 we envisage approximately only 12,000 new entrants into the work force, compared to about 170,000 at the moment. That automatically places a lot of pressure on us as a nation as to where the future work is going to come from. So that is the national imperative in terms of employment.

Mr Skidmore, nowhere in the terms of reference that I can see, either in the minister’s letter to this inquiry or in the terms of reference sent out to individuals, is there reference to the adverse effects on Australian economic growth of an older age group of people. That is nowhere in the terms of reference, so I am not sure where that came from. Those words certainly have not been put anywhere in the official documents we have here. Putting that aside—and I do recognise that your opening comments were all about the 65-plus group—this inquiry is far more general than that. You have set the ground we are going to inquire into, which is 65-plus.

A few years ago the federal government introduced the pension bonus scheme as a means of providing encouragement to those who voluntarily decide to keep working past the pension age. A bonus is given to them when they eventually do retire, peaking out at 70. I think five years is the peak. Does your association have any evidence about what the take-up rate is for the pension bonus scheme or whether there has been some success in its introduction?

Mr Skidmore—I do not have any evidence. That sort of scheme, as a voluntary scheme for people who want to keep working, is the sort of thing that would be supported by our association. We support that, in contrast to when they got rid of the mature age allowance and those recipients had to go onto Newstart. That, in contrast, is the negative thing. But I cannot recall any questions at all to my office about the pension bonus scheme.

CHAIR—Mr Mifsud, you also raised the issue of insurance. I think it is a very good point that you made. There are some barriers to those people who want to remain in the work force. Let us be fair: this is all about volunteerism; there is no implication here about compulsion.

Mr Mifsud—I am glad you say that.

CHAIR—Nowhere in the inquiry reference is there anything dealing with compulsion. By way of an aside, there are always blue papers, green papers, rainbow coloured papers floating around governments—whether they be governments, oppositions or departments, people are always investigating options. It is only when it comes in as a firm proposal in terms of legislation that you may need to have your alarm bells ringing.

Mr Skidmore—Indeed.

CHAIR—Options are just that: they are just simply studies that are done by and commissioned by departments and individuals at various times. I will give you a good example. Say, someone wants to become a courier driver. Maybe they were a professional and now they just want to ease themselves out of the work force by becoming a courier driver. There is no way that they can take out insurance. It is too difficult for them to take out and that is a regulatory impediment which governments can fix. There are things there that we can do as a government to help those who do want to remain in the work force a bit longer. Have you identified what some of those things are that we as a government can do for those individuals?

Mr Mifsud—Thank you for clarifying a few points, but I have to say to you that we were compelled—I used the ‘smoke and fire’ phrase earlier—to come and make representations here. Certainly there are all the sections of the community and up here are the seniors and that is why I felt compelled to make the stipulation. Thank you for clarifying the issue.

CHAIR—We are nowhere near even looking at recommendations at this stage. We cannot say what will be in our recommendations and what will not be in our recommendations, but we do note your concern about the issue of compulsion.

Ms HALL—I add that we in the opposition were very keen to get these terms of reference up because we felt that there were a number of issues when looking at employment and people’s inability to get employment. But, on the other hand, we are not interested in compulsorily forcing people over the age of 65 to work. I am passionate about giving people over the age of 65—or people over the age of 40, 50 or whatever—the opportunity to work because I think that, when it comes to looking at work, they are a group that is disadvantaged within the overall community. We would not have supported any terms of reference that were designed to force people over the age of 65 to work.

Mr Mifsud—Within that framework we make the point that any attempt to change the retirement age would produce the compulsion, even if it is a by-product thing.

CHAIR—We had best move on from there otherwise we are going to get bogged down in a hypothetical situation that may or may not eventuate. What do you believe is required to be done to help those who do want to remain in the work force? Can you turn your mind to that central question?

Mr Skidmore—In terms of retraining, if a worker is in, say, his or her 50s and wants to retrain into another area, one thing state governments could do would be to offer free TAFE education. We could go back to free higher education, if people want to go into a completely new profession and make themselves more saleable in the job market. The government would have to be more vigilant over the antidiscrimination legislation on age to ensure that the legislation is not being ignored or that state governments or private employers are doing the right thing by that legislation. These are some of the things that are in the government's hands. Perhaps more positions could be created for people who are in the later age groups. That is another option but, again, that would require more government spending and government intervention which does not appear to be fashionable at the moment, I am afraid.

CHAIR—Are you talking about government generated jobs?

Mr Mifsud—Exactly, yes. That point is made in the submission. We did take into consideration that this is a matter spreading throughout the community, not just with the seniors, and we are saying, through our submission, that government has got to take more in hand with job creation. By 'job creation' we do not mean the mickey mouse three hours here and four hours there two times a week and call it a job; we are talking about eight hours a day, 40 hours a week full-time employment being created by the government. We see the government creating jobs by looking at its own employment options in the public service and in publicly owned enterprises. We put that very seriously.

The other point was about insurance. That is a very vexing one, as I am sure you understand. I do not know what the answer is. Maybe we need a Commonwealth GIO. I do not see Allinze, for example, which currently appears to be trying to get out of the asbestos clauses that it is stuck with, taking up such risky insurance. Maybe the government should have a look.

CHAIR—So the taxpayer runs a risk?

Mr Mifsud—Exactly. What other way is there? This is why I am saying it is very controversial. How do you address it?

Mr DUTTON—I do not understand, Mr Skidmore, when you say that the Commonwealth government or state governments, for argument's sake, should be creating more jobs for the sake of employing people. It is a very noble claim but where would these jobs be created and in what areas would you employ these people? It is not as though the federal government has mass departments looking for more people. Are you just suggesting creating jobs to employ people? I do not understand what you are saying.

Mr Skidmore—The jobs would have to be meaningful work otherwise you are not going to get people to take them up.

Mr DUTTON—Where?

Mr Skidmore—For example, look at the volunteer work that older Australians already do: according to this conference paper, men and women aged over 65 contribute almost \$35 billion per year in unpaid caring and voluntary work. If you include the 55 to 64 age group, that rises to \$72 billion per annum. That is a pretty impressive bill. Perhaps those people should get paid.

Mr DUTTON—All right. Well, that is \$72 billion that you would like the Commonwealth government to expend. What services do you suggest we cut to the tune of \$72 billion a year?

Mr Skidmore—I am not only talking about the Commonwealth government or the state government; I am talking about the private sector as well. Giving people the opportunity for paid employment if they are at a later stage of life has to be a government initiative, because I cannot see the private sector doing that voluntarily for people who are 60-plus or even in younger age groups, as I mentioned in my opening address.

Mr DUTTON—Sure. But my question was: what services would you cut to facilitate expenditure—let us be generous and say it was \$20 billion—of federal government money? I simply do not understand.

Mr Skidmore—The government seems to be fairly good at producing surpluses. Perhaps more surpluses could go back into the economy. I am not running the federal government. I am simply suggesting—

Mr DUTTON—Thank goodness!

Mr Skidmore—I beg your pardon?

Mr DUTTON—I said, ‘Thank goodness,’ because you are talking about expending that sort of money on jobs, and I do not understand where those jobs would be created from or how state or Commonwealth governments could afford to create employment opportunities to the tune of \$70 billion a year.

Mr Skidmore—Well, Mr Dutton, what you do not understand is that when people are employed they are taxpayers. Taxpayers’ money goes back to Treasury and to overall revenue. We are talking about money that is not lost. We are talking about people being able to contribute to the economy.

Mr Mifsud—Mr Dutton, it is not simply about cutting services, but targeting your expenditure a bit better. For example, we have seen the currency exchange situation with NAB. We are told it happens in government. The Treasurer recently commented about \$3-odd billion a year being wasted in currency exchanges. That is one way we could address the situation. Another way we could address the situation is by looking at the ATO’s highly questionable policy that they will not chase high-earning tax evaders. There is an actual policy—we have paperwork that shows this is the case. Maybe more taxes can be raised there, Mr Dutton. Maybe those amounts will add up to \$72 billion, but let us ask the questions. As for other areas that might address the situation, what about the renting of government buildings and government areas at peppercorn rentals? Maybe all these things should be reviewed to see if more money is not available for public use.

CHAIR—I am not sure about that tax commissioner’s direction that you have mentioned—I think that is questionable—but I do not want to get into a debate across the table, Mr Mifsud.

Mr Mifsud—Neither do I, Mr Chair.

CHAIR—Mr Wilkie wants to ask a question; we will move on.

Mr WILKIE—Mr Mifsud, it is fair to say that there have been a lot of comments made in recent times by government—either departments or ministers—around the idea of increasing the age for the pension, so I think your observation that you do not believe that that is a good way to go is quite valid. In fact, you both made some very important points for the debate. You mentioned in your submission that we really need to concentrate on the area of unemployment in the 40 to 65 year age bracket. I agree with that, and, in fact, the parliament agrees with that. In the last parliament there was an inquiry by this committee, called *Age counts*. It was an inquiry into mature aged employment and issues regarding the fact that people who are in that bracket have a lot of difficulty getting back into work. I think the chair was on that committee as well.

CHAIR—Yes, I was.

Mr WILKIE—We do appreciate how important that is and how difficult. I think it is important—as you are saying—that we do have a choice and, if people want to work after age 65, that we have some incentives there to help them, because that should be their choice. I have a person in my electorate, for example, who is 70, working in a manual environment in a stock feed company, lifting 40-kilo or 50-kilo bags, and he is fitter than I am. I could not do it, not all day every day. But he is being penalised because he went past the retirement age and lost all those benefits—he did not get the pension bonus. Now, because he is 70, under law the employer is not allowed to pay any superannuation contribution. That it is an area where I see some disadvantage for people choosing to work longer. Because he has stayed on working past 65 and is earning money and has then bought assets, he has gone over the limit to receive a pension. By working he has disadvantaged himself in two areas. I am wondering whether you have any suggestions about how those things may change.

Mr Skidmore—In terms of the contribution age, I thought that the current government was actually moving to change that so people could contribute—

Mr WILKIE—They lifted it but they still capped it.

Mr Skidmore—Okay. Obviously that is one thing that could be changed there.

Mr Mifsud—You are quite correct. You have picked up the point we are making there. Appropriate advice has got to be available to these people. It is not good enough just to have a choice; they must have an informed choice. In other words, if you choose to go back to sailing again with the dreadful condition your body is in, firstly, you will not be a very good candidate for insurance. You have this problem and that problem—the problems that you mentioned, Mr Wilkie. In other words there should be some sort of well-informed advice available to that person to make that choice properly. To go into the pros and cons point by point is not our purpose now but we just want to raise with you that, if it does happen, it should happen under proper circumstances with good advice.

Ms VAMVAKINO—I was interested in the comments that you made, Mr Skidmore, earlier about ageism and the existence of age discrimination for people who are seeking employment not just at 50 or 65 but from 40 years of age and onwards. Previous speakers have alluded to similar situations for people who become unemployed and then cannot get a job no matter how

skilled they are or what process they go through simply because they are considered to be old. Is there any other light that you can shed on how that can be addressed? It seems to be a fundamental problem. If we cannot get people out there to employ others because they have an issue with their age—say, from 40 or 45 onwards—then we have got a serious problem. Age discrimination laws may be one thing—they are punitive—but are there any other things that we could do to address it?

Mr Skidmore—One possibility—and this happens at state and federal level where you have particular jobs advertised that are ATSI identified positions—is that certain positions could be targeted towards older people. That would not make a huge field of jobs but perhaps it would be a start. As I said before when I was talking about government initiatives and was asked where the money was coming from, I can only go back to the fact that governments, if they are serious about this issue, must take a lead, must also engage those private employers that are particularly good at employing and keeping on older people working with them and talking about what they are doing and what their strategies are around this. Maybe we could broaden that out more generally.

CHAIR—There have been some age symposiums. I am not sure whether you were here, but a previous witness commented on some of those symposiums and forums that are trying to break down those stereotypes that employers have.

Ms HALL—I will be quick, as I realise we are nearly out of time. In your presentation to us, you highlighted the casualisation of the work force and the impact that that has had. Do you believe that this has impacted more so on older workers? What strategies would you like to see put in place and what suggestions do you have to address the casualisation of the work force?

Mr Skidmore—The casualisation has affected particular areas of work.

Ms HALL—And occupations.

Mr Skidmore—Yes. It is no coincidence that the biggest number of a single group of employees in Australia is shop assistants, and of course shop assistants have a great level of casualisation. But I am not sure about relating that sort of casualisation with older people and whether they are missing out on jobs. You need to address casualisation and get some permanent full-time jobs in order to encourage people who are in an older age bracket to go to something; it needs to be attractive. To go to a job that is only going to last a few weeks and which is going to play havoc in terms of reporting back to Centrelink what you have done and all of that sort of thing is not such a great incentive to get people into the work force. That really has to be addressed. It might mean another inquiry about how Centrelink targets its social security, but that is a different argument.

Ms HALL—I think what you have raised is very valid and something that we have considered. That issue—the interface between work and the way Centrelink handles work, particularly in the part-time casual area—has been included in other submissions that we have received.

CHAIR—Mr Mifsud and Mr Skidmore, thank you very much for your submission, for coming in today and appearing before us, and for taking our questions. If we do have any more

questions or need to clarify issues, are we able to get back to you, particularly as we are getting closer to the report writing stage?

Mr Mifsud—We would be happy to oblige you with that.

CHAIR—We may need to do that at some stage; I am not sure when that will be. I do thank you for coming in today.

Mr Mifsud—Thank you for the opportunity.

Resolved (on motion by **Mr Wilkie**, seconded by **Mr Dutton**):

That this committee authorises publication of the proof transcript of the evidence given before it at public hearing this day.

Committee adjourned at 12.58 p.m.