

---

The Parliament of the Commonwealth of Australia

# **Age counts**

**An inquiry into issues specific to mature-age workers**

House of Representatives  
Standing Committee on Employment, Education and Workplace  
Relations

June 2000  
Canberra

---

© Commonwealth of Australia 2000

ISBN 0642 451275

**Cover photograph**

The Department of Foreign Affairs and Trade has kindly given permission for the use of the photograph of the two Aboriginal women on the cover.



# Contents

Foreword ..... ix

Membership of the Committee ..... xi

Terms of reference ..... xii

List of abbreviations ..... xiii

Executive summary and list of recommendations ..... xv

## THE REPORT

**1 Setting the scene ..... 1**

    Origins of the inquiry ..... 1

    Structure of the report ..... 2

    Definitions ..... 2

    The issues ..... 4

    Demographic trends ..... 6

        An ageing population ..... 6

        Future labour market supply ..... 8

        Early retirement ..... 10

        Increasing dependency on income support ..... 14

**The mature-age labour market ..... 16**

        Employment ..... 17

        Availability of jobs ..... 21

        Unemployment ..... 23

---

Rural and regional locations .....	39
<b>Conclusion.....</b>	<b>47</b>
<b>2 Consequences of unemployment .....</b>	<b>49</b>
<b>Introduction .....</b>	<b>49</b>
<b>Financial, budgetary and economic issues.....</b>	<b>49</b>
Financial impact .....	50
Impact on the Budget.....	54
<b>Consequences for individuals and families .....</b>	<b>55</b>
Psychological impacts.....	55
Family relationships .....	59
Health consequences .....	60
<b>Consequences for the wider community.....</b>	<b>65</b>
Skill loss in the labour market .....	65
Regional impacts.....	67
<b>Conclusion.....</b>	<b>68</b>
<b>3 Causes of mature-age unemployment.....</b>	<b>71</b>
<b>Introduction .....</b>	<b>71</b>
<b>Mismatch between supply and demand in the labour market.....</b>	<b>75</b>
Technological and economic changes.....	75
Skills mismatch .....	79
Wages and conditions.....	81
Working time: hours worked .....	83
Relevant job skills, qualifications and experience.....	87
<b>Casual and part-time employment .....</b>	<b>92</b>
<b>Rural and regional unemployment and mobility of labour .....</b>	<b>99</b>
<b>Causes specific to mature-age workers .....</b>	<b>101</b>
Age discrimination.....	101
<b>Impact of government policies .....</b>	<b>109</b>
The Job Network and service providers.....	109
Financial constraints of job seeking .....	116
<b>Conclusion.....</b>	<b>117</b>

---

<b>4</b>	<b>Dealing with unemployment</b> .....	<b>119</b>
	<b>Introduction</b> .....	<b>119</b>
	<b>Macroeconomic influences</b> .....	<b>120</b>
	<b>Age discrimination</b> .....	<b>120</b>
	Combating employer prejudice.....	121
	Public education campaign.....	122
	Annual company reports.....	123
	Employers' Forum .....	124
	Wage subsidies .....	124
	Job creation .....	127
	<b>Dealing with retrenchments and redundancies</b> .....	<b>128</b>
	Code of conduct .....	129
	Centrelink notification .....	133
	<b>Skills training</b> .....	<b>134</b>
	Career guidance .....	135
	Training courses .....	138
	Traineeships and apprenticeships.....	143
	<b>Government policies</b> .....	<b>145</b>
	<b>Longitudinal studies</b> .....	<b>147</b>
	<b>Casual and part-time work</b> .....	<b>149</b>
	<b>Transport costs</b> .....	<b>154</b>
	<b>Alternative paths</b> .....	<b>155</b>
	Portfolio employment.....	155
	Work for the Dole.....	157
	Mentoring.....	157
	Volunteering.....	158
	<b>Phased retirement</b> .....	<b>159</b>
	<b>Service providers</b> .....	<b>162</b>
	Centrelink services .....	163
	Job Network providers.....	168
	Criticism of service providers.....	169
	<b>Accessing superannuation</b> .....	<b>173</b>
	Eligibility assessments for Newstart payments .....	173
	Reduce waiting time for unemployment benefits.....	178

Conclusion.....	179
<b>5 Establishing a small business—a high risk option .....</b>	<b>181</b>
<b>Introduction .....</b>	<b>181</b>
<b>The small business option.....</b>	<b>182</b>
Generating employment for others .....	184
Risk of business failure .....	186
<b>Reducing the risk of business failure.....</b>	<b>190</b>
The need for training.....	190
Financial advice .....	193
Business planning.....	195
<b>New Enterprise Incentive Scheme .....</b>	<b>196</b>
How NEIS operates.....	196
The Self-Employment Development (SED) program.....	198
NEIS mentors.....	198
NEIS outcomes .....	200
Further proposals to improve NEIS.....	202
Promoting the businesses of NEIS participants.....	206
<b>Other small business programs .....</b>	<b>206</b>
Commonwealth programs.....	207
State/Territory programs .....	207
<b>Awareness of government programs .....</b>	<b>209</b>
<b>Conclusion.....</b>	<b>210</b>

## **APPENDICES**

<b>Appendix A — Conduct of the inquiry .....</b>	<b>213</b>
<b>Appendix B — List of submissions.....</b>	<b>215</b>
<b>Appendix C — List of exhibits .....</b>	<b>227</b>
<b>Appendix D — List of hearings and witnesses .....</b>	<b>243</b>

<b>Appendix E — References .....</b>	<b>257</b>
--------------------------------------	------------

<b>Appendix F — Australian age discrimination laws.....</b>	<b>263</b>
---	------------

### **LIST OF TABLES**

Table 1.1	Mature-age participation rates by gender and age, January 2000 .....	21
Table 1.2	Unemployment statistics, February 1989 and February 1999 .....	24
Table 1.3	Mature-age unemployed by education attainment—May 1998 .....	30
Table 1.4	Unemployment rate 1996: birthplace by marital status and period of arrival .....	36
Table 1.5	Mature-age unemployed by country of birth, February 1999 .....	37
Table 1.6	Unemployment and participation rates by statistical regions by gender, April 2000 .....	40
Table 3.1	1995 survey showing % estimates of coverage in workplaces with 20 or more employees (in terms of % of employees).....	81
Table 3.2	1999 survey showing estimates of coverage in workplaces with 5 or more employees (in terms of % of employees).....	81
Table 3.3	Percentage of employees in casual work (full-time and part-time) 1988–1998 .....	94
Table 3.4	Preferred age group for recruitment and selection of executives by industry sector .....	104
Table 5.1	Business bankruptcies, by State/Territory .....	187

### **LIST OF FIGURES**

Figure 1.1	Projected age distribution for Australia at 2031 and actual population in 1999 .....	7
Figure 1.2	Size of the mature-age population—at August, 1979–1998 .....	8
Figure 1.3	Projections of labour force participation by gender, 1995–2056.....	20
Figure 1.4	ANZ job advertisement series—at each August 1998–1999 .....	22
Figure 1.5	Unemployment rate by age, January 2000 .....	23
Figure 1.6	Average duration of unemployment, males 1989–1999 .....	25
Figure 1.7	Average duration of unemployment, females 1989–1999 .....	25
Figure 1.8	Discouraged male workers by age group as a percentage of total.....	27
Figure 1.9	Discouraged female workers, by age group as a percentage of total.....	27

Figure 1.10	Under-employed males, age cohort as percentage of total .....	29
Figure 1.11	Under-employed females, age cohort as percentage of total .....	29
Figure 3.1	Black coal industry output and employment.....	78
Figure 3.2	Unemployment rate, June 1995 to June 2000 .....	80
Figure 3.3	Hours worked by full-time workers 1980 to 2000. ....	84
Figure 3.4	Unemployment and underemployment rates 1978 to 1998. ....	85
Figure 3.5	Male employees in full-time and part-time casual work 1988–1998 .....	95
Figure 3.6	Female employees in full-time and part-time casual work 1988–1998 ...	95
Figure 5.1	Self-employment by age group, February 1989 and 1999 (percentages of employed people who are self-employed).....	183
Figure 5.2	Operators of new businesses with small business management training (by age) February 1997 .....	191





## Foreword

Australia is a country in which we define ourselves through our work. Within minutes of meeting one another the question is asked: “What sort of work do you do?” Work puts us in a social context, defines the framework of our lives and gives each of us a sense of belonging and meaningful purpose.

Being without a job devastates not only personal finances; it exacts a heavy social and human toll. Albert Camus said, “Without work all life goes rotten”. So too Walter Greenwood described the ‘living corpse’ of the unemployed. That may certainly be said of the many mature age men and women whose lives touched this inquiry. Their often-poignant stories underwrite what is emerging as a significant challenge for a nation whose population is ageing in the face of collapsing age dependency ratios.

As Australia moves from an agrarian, labour intensive economy to one dominated by burgeoning technology-driven industries, many over the age of forty-five are finding themselves for the first time without work. Not all are emotionally and technically prepared for what is a major transition.

The Australian Bureau of Statistics reports that in 1997, almost half the men over the age of forty-five were out of the workforce through retrenchment, redundancy or retirement. Though the unemployment rate for mature aged people is lower than that of the general population, the rate of long-term unemployment is much higher, representing the tip of an iceberg of quiet anguish.

Losing your job after two or three decades of continuous work is a major life event. It can be as devastating for some as the loss of a limb—or even a family member. Evidence presented to the Inquiry included substantially higher illness and death rates for unemployed people in this age group. This should, if for no other reason, prompt government and business to consider earnestly the Committee’s recommendations.

Central to the report's conclusions is the need for us to challenge and change the attitudes of society and employers to ageing. Skill, enthusiasm and adaptation to change are not the exclusive domain of the young. To the workplace must also be brought wisdom acquired with the passing of years.

Employers must take seriously the need to manage redundancy and dismissal processes in an orderly and humane way. There must be early engagement of support agencies and families. The displacement of employees is handled well by some employers—but appallingly by others. The long-term consequences are devastating for the individual and ultimately, significant for the public purse.

Early interventions, modifications to job search eligibility, refinements to NEIS, guidelines to redundancy and dismissal procedures, limited access to superannuation savings for a short transition, longitudinal research of the benefits of age balance in the workforce and strategies to effect attitudinal change comprise much of the report's recommendations.

One critically important conclusion reached by the committee is that of computer literacy. It is becoming increasingly difficult to fully function as a member of modern Australian society without the skills to use a computer. It is even more difficult to find employment. Yet for two generations over the age of forty-five when computers were not a basic part of school education, a vast chasm waits to be filled.

In the same way the Commonwealth has committed to basic numeracy and literacy programs for school children, now is the time for a meaningful well-resourced campaign that invests in 'human infrastructure'. Like illiteracy itself, many adults especially feel a sense of inadequacy about which they rarely speak but for which they pay the price of unemployment or lower paid jobs in being unable to turn on a computer.

Thank you to the numerous organisations and government departments who contributed to the committee's deliberations. Thanks also to Mr Tony Kryger and other researchers in the Parliamentary Library for providing the Committee with data and analyses. But a special tribute should be paid to those people who shared their lives with us.



## Membership of the Committee

**Chair** Dr Brendan Nelson MP

**Deputy Chair** Mr Rod Sawford MP

**Members** Mr Phillip Barresi MP

Mr Kerry Bartlett MP

Mrs Kay Elson MP (from 31/5/00)

Mr Craig Emerson MP

Ms Teresa Gambaro MP

Mrs Joanna Gash MP (to 31/5/00)

Ms Julia Gillard MP

The Hon Bob Katter MP (to 31/5/00)

Mrs Margaret May MP (from 31/5/00)

Mr Kim Wilkie MP

## Committee secretariat

**Secretary**

Mr Paul McMahon

**Inquiry secretary**

Ms Maureen Chan

**Adviser** (courtesy of the Department of Employment, Workplace Relations and Small Business)

Ms Anne Puniard

**Administrative officers**

Mrs Gaye Milner

Ms Jenny Cochran



## **Terms of reference**

On 9 March 1999 the Minister for Employment, Workplace Relations and Small Business, the Hon Peter Reith MP, asked the Committee to inquire into and report on:

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



## List of abbreviations

<b>ABS</b>	Australian Bureau of Statistics
<b>ACC</b>	Area Consultative Committee
<b>ACCI</b>	Australian Chamber of Commerce and Industry
<b>ACOSS</b>	Australian Council of Social Services
<b>ACTU</b>	Australian Council of Trade Unions
<b>AMWU</b>	Australian Manufacturing Workers Union
<b>ANAO</b>	Australian National Audit Office
<b>AQF</b>	Australian Qualifications Framework
<b>ASCCA</b>	Australian Seniors Computer Clubs Association Inc
<b>ASFA</b>	Association of Superannuation Funds of Australia Limited
<b>ATO</b>	Australian Tax Office
<b>ATSIC</b>	Aboriginal and Torres Strait Islander Commission
<b>AWACC</b>	Albury Wodonga Area Consultative Committee
<b>AWA</b>	Australian workplace agreement
<b>AWU</b>	Australian Workers' Union
<b>BCA</b>	Business Council of Australia
<b>BOOST</b>	Business Owner Operators Support Team
<b>CEAP</b>	Community Employment Assistance Program [Qld]
<b>CEDA</b>	Committee for Economic Development of Australia
<b>CEET</b>	House Standing Committee on Employment, Education and Training
<b>CES</b>	Commonwealth Employment Service
<b>CDEP</b>	Community Development Education Projects
<b>CJP</b>	Community Job Plan [Qld]
<b>COTA</b>	Council on the Ageing

---

<b>CSP</b>	Community Support Program [pre-jobsearching help]
<b>DEWRSB</b>	Department of Employment, Workplace Relations and Small Business
<b>DFaCS</b>	Department of Family and Community Services
<b>DISR</b>	Department of Industry, Science and Resources
<b>DOMÉ</b>	Don't Overlook Mature Experience/Expertise
<b>GROW</b>	Growing Regional Opportunities for Work
<b>EEO</b>	Equal Employment Opportunity
<b>EFA</b>	(UK) Employers Forum on Age
<b>ESRA</b>	Employment Services Regulatory Authority [now replaced by Job Network]
<b>HREOC</b>	Human Rights & Equal Opportunity Commission
<b>Job Network</b> comprises three phases:	
<b>FLEX 1</b>	Job Matching
<b>FLEX 2</b>	Job Search Training
<b>FLEX 3</b>	Intensive Assistance
<b>JOFA</b>	Job Seeking Over Forty Association
<b>JSCI</b>	Job Search Classification Instrument
<b>MAA</b>	Mature Age Allowance
<b>MWP</b>	Mature Workers Program (NSW)
<b>NEIS</b>	New Enterprise Incentive Scheme
<b>NESB</b>	Non-English speaking background
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OM:NI</b>	Older Men:New Ideas
<b>RAP</b>	Regional Assistance Program
<b>RCSA</b>	Recruitment and Consulting Services Association
<b>RSA</b>	Retirement Savings Account
<b>RTCs</b>	Rural Transaction Centres
<b>SACOSS</b>	South Australian Council of Social Service Inc
<b>SENSWACC</b>	South East New South Wales Area Consultative Committee
<b>SMEs</b>	Small and medium enterprises
<b>SED</b>	Self-employment Development
<b>TAFE</b>	Technical and Further Education
<b>UAW</b>	Union of Australian Women
<b>WOW</b>	Western Older Workers (Victoria)

## **Executive summary and list of recommendations**

The Committee's inquiry into the issues specific to mature-age workers grew out of its concern about the difficulties faced by mature-age people in attempting to re-enter the workforce or establish a business following unemployment. The Committee considered these issues were not sufficiently recognised and dealt with in the policy arena. It is clear that cultural myths and stereotypes exist about workers over 45, making it difficult for many to find employment. This report examines and challenges some of these beliefs and addresses ways in which mature-age job seekers may be assisted back into employment.

The Committee took evidence on all aspects of mature-age unemployment and the particular barriers faced by job seekers over 45. It was told about the devastating effects unemployment has on this age cohort. Long-term economic costs to the nation arise because unemployed people are not contributing income tax and superannuation payments, and eventually claim the age pension earlier or at a higher rate. The Committee examined the strategies that are currently in place for assisting mature-age job seekers to find employment, and suggests enhancements which may be made.

In the course of the inquiry, the Committee also considered options faced by mature-age people who opt to start their own business following retrenchment.

### **Combating employer prejudice**

Mature-age unemployment is not just an Australian problem but an international one. Evidence collected from a number of sources confirms that mature-age workers are being stereotyped. Certainly the Committee found a strong perception among mature-age job seekers that age-specific barriers exist to their gaining employment.

A number of suggestions were made to the Committee about what can be done to change negative attitudes held by employers or recruitment officers concerning mature-age job seekers. These suggestions included:

- A positive and inclusive public education and awareness raising campaign, developed in co-operation with industry, business groups, unions and community advocacy organisations, to promote the benefits of having an age-balanced workforce;
- Publicising success stories of mature-age workers;
- A requirement to report age profiles in all annual company reports;
- Forming an Australian version of the British Employers Forum on Age;
- Targeting employers to demonstrate how beneficial mature-age workers are in the workplace;
- Providing wage subsidies to employers hiring mature-age workers;
- More employer-funded training for mature-age workers to enable them to upgrade skills; and
- Increased flexibility in retirement options, such as extending the retirement age.

The Committee considered these options and its full discussion on each appears in Chapter 4. The following two recommendations were made: one on a sustained national strategy and education campaign targeting employers and the other on establishing an employers' forum.

### **Recommendation 1**

- 4.16 **The Committee recommends that the Government develop, in consultation with the States/Territories, a sustained national strategy and campaign targeting employers, to promote the benefits of maturity and age-balance in the workforce. Such a campaign should be subject to formal assessment and evaluation.**

### **Recommendation 2**

- 4.19 **The Committee recommends that the Minister for Employment, Workplace Relations and Small Business promote among business organisations, an Australian version of the British Employers Forum on Age. The Forum would be an important means of developing an age-diverse workforce and to counter age discrimination.**



## **Dealing with retrenchments and redundancies**

The Committee was particularly interested in looking at how retrenchment and redundancy processes are managed and the extent to which these processes actually contribute to the problems faced by those leaving employment. It is critically important that the process of retrenchment and redundancies be handled in a humane and sensitive manner. Careful management of the process benefits not only those retrenched but also those who remain.

### **Code of conduct**

The Committee convened a round table on 21 March 2000 to discuss the desirability of a code of conduct, or a set of best practice principles, for dealing with separations. The Committee is mindful that the preferred option is not retrenchment but rather redeployment, natural attrition or retraining of existing staff. However, there are occasions when retrenchments and redundancies are unavoidable. A code of conduct could assist employers to carry out that process in a way that best serves the interests of firms and employees.

The Committee believes that employers should recognise that mature-age workers being retrenched frequently experience more significant emotional trauma than younger people. They also are in danger of longer periods of unemployment. Evidence shows that mature-age people being retrenched need timely counselling so they may deal with the emotional, financial and physical effects of job separation. While Government Members of the Committee considered that the code of conduct should be voluntary, the non-Government members, although agreeing with the intended purpose, would prefer to see it prescribed in legislation or through appropriate industrial instruments.

### Recommendation 3

4.46 **The Committee recommends that the Department of Employment, Workplace Relations and Small Business work with representatives of large and small businesses, employees and other relevant organisations to:**

- **develop a code of conduct or a set of best practice principles, based on the checklist in this report;**
- **promote the finalised code among large and small businesses; and**
- **consider a process of certification, to be managed by business organisations, for businesses which commit themselves to implement the code.**

**Government Members consider such a code should be voluntary. Non-government Members consider the code should be prescribed in legislation or through appropriate industrial instruments.**

**The Committee further recommends that the effectiveness of the code should be assessed after two years.**

### Centrelink notification

The *Workplace Relations Act 1996* (section 170CL) requires employers to notify Centrelink in advance when they are retrenching 15 or more staff. Many employers are apparently unaware of this requirement, which clearly needs to be more widely publicised. The earlier the intervention, the earlier Centrelink and other government/non-government agencies can assist and the more likely there will be a better outcome.

### Recommendation 4

4.49 **The Committee recommends that Centrelink include the employer service number—13 11 58—in its *Customer Charter* and other publications and explain how Centrelink can help employers with staffing matters.**

### Skills training

In the present job climate, job seekers need to demonstrate they have up-to-date skills, are able to adapt to new technology and concepts, and

are willing to continue learning throughout their lives. As ABS statistics show, different skill groups experience different unemployment rates and unskilled and/or less educated workers experience longer periods of unemployment.

## Career guidance

Many mature-age job seekers may never have had access to professional career advice but need such advice when they have career decisions to make. The Committee believes there is scope to develop career counselling as a full professional service for both youth and adult clients. Each career adviser should cover a manageable region and a defined set of occupations. The career adviser should liaise closely with local employers and training institutions, as well as monitor labour market trends in order to provide quality complete local and national labour market information to individuals, families and communities.

### Recommendation 5

**4.63 The Committee recommends that the Government fund a universal, professional careers guidance service, available without fees to young people at school, and to all job seekers on benefits.**

## Training courses

Many mature-age workers may need training or retraining to meet labour market expectations. The Committee received evidence that mature-age people approach training and learning differently from younger people. They may prefer to learn in the company of their peers. Evidence has shown that unemployed people who have retrained and furthered their qualifications are still disadvantaged without adequate work experience in their new fields. The Committee, therefore, believes that Job Network providers should ensure that clients are given work experience as part of their training.

### Recommendation 6

**4.67 The Committee recommends that Job Network providers in reasonable proximity should co-operate in the delivery of training courses for mature-age job seekers. These courses should:**

- be designed specifically for mature-age clients; and
- include work experience sessions where relevant.

## Subsidised training

The Committee believes it is better to expend money to help mature-age job seekers now, rather than incur a greater cost in the future. The Committee was told that many mature-age job seekers not entitled to employment benefits still need help with reskilling and training. ‘Training credits’ was suggested as an option by a number of witnesses. The Committee believes the training credit scheme has merit and should be trialed to see if it will help long-term unemployed people secure jobs.

### Recommendation 7

- 4.76 **The Committee recommends that the Minister for Employment Services trial a training credit scheme, linked to a definite job offer, for long-term unemployed, mature-age people so they may develop appropriate skills when employed in that job.**

## Computer skills

The need for mature-age workers to acquire and enhance their computer skills was mentioned frequently to the Committee. Otherwise experienced mature-age people may be displaced because they do not have adequate computer skills. Some merely need further training to be able to transfer their IT skills into another environment. Others may need training in how computers can assist in the application of skills they already possess.

The Committee believes that it is essential for the Government to fund educational and training programs for those who need to develop their computer skills. A number of mechanisms are already available, such as TAFE, adult training centres, community centres, schools, community groups and other support services, to deliver such training courses.

### Recommendation 8

- 4.82 **The Committee recommends that the Government fund a national computer literacy and training program for mature-age people. Such a program could be provided through a variety of existing government and non-government facilities.**

The Committee believes that, where appropriate, training components of Job Search Training and Intensive Assistance programs should be given

recognition according to endorsed national competency standards. Mature-age people would then have formal verification of their training.

### **Recommendation 9**

- 4.84 **The Committee recommends that the Minister for Employment Services ensure that where appropriate, training components funded under Job Network be given vocational training recognition according to endorsed national competency standards.**

## **Traineeships and apprenticeships**

Traineeships and apprenticeships would enable mature-age job seekers to gain qualifications and relevant experience in another industry. The New Apprenticeships system does not have an age restriction and people of mature years already participate in the program. In the 2000–2001 Budget, \$1.5b has been allocated for incentives to employers to take on new apprentices. Unfortunately, those employers willing to take on apprentices and trainees tend to prefer young people. This preference reflects a general societal view.

Apart from age discrimination by some employers, the low wages paid to apprentices and trainees discourage mature-age people, with financial commitments to meet, from applying. The Committee believes that subsidised apprenticeship and trainee wages would attract mature-age job seekers into the New Apprenticeship scheme.

### **Recommendation 10**

- 4.91 **The Committee recommends that the Government introduce a specific subsidy for mature-age people undertaking traineeships or apprenticeships.**

## **Longitudinal studies**

Longitudinal studies usually track trends, developments and changes in a group of subjects over a number of years. The Committee believes that longitudinal studies are essential to provide an accurate picture of the mature-age work force. They would enable governments to draw on comprehensive data about the problems faced by mature-age job seekers

and to devise more effective, better targeted policy responses to help long-term unemployed people. One important longitudinal study would be an examination of the health effects of unemployment in Australia and the extent to which unemployment contributes to poor health and premature death.

#### **Recommendation 11**

**4.102 The Committee recommends that the Government fund a series of longitudinal studies on unemployed people to provide comprehensive data for shaping future labour market programs.**

#### **Recommendation 12**

**4.103 The Committee recommends that the Government fund a longitudinal study to examine the health effects of unemployment in Australia and the extent to which unemployment contributes to poor health and premature death.**

#### **Recommendation 13**

**4.104 The Committee recommends that the Commonwealth, in discussion with the States/Territories, develop national conformity in the information provided about the occupation of the deceased on death certificates so that data may be collected for research.**

## **Casual and part-time work**

Over the last 15 years in particular, there have been substantial changes in the relative proportions of full-time and part-time employment; growing casualisation of the workforce; and substantial changes in the skills required of workers. Temporary and casual workers now constitute a quarter of all employees in Australia.

For mature-age people seeking full-time work, and particularly for those with limited training and work experience, casual work is often an alternative to unemployment when no permanent jobs are available. Sometimes taking casual work can lead to a permanent job.

A number of changes could help mature-age job seekers accept and report more casual and part-time work. Mature-age people in Intensive

Assistance should be entitled to a 12 months suspension period should they find paid work. Provided a job loss within a 12 month period was involuntary and they were not dismissed for unsatisfactory performance, these mature-age people should be readmitted immediately into Intensive Assistance without having to wait.

#### **Recommendation 14**

**4.108 The Committee recommends that the Government allow mature-age people on Intensive Assistance, who find work but lose it within 12 months, to resume access to Intensive Assistance without a new application or a waiting period, provided their job loss was involuntary and they were not dismissed for unsatisfactory performance.**

The Committee believes it is important to give further encouragement to unemployed mature-age people to take up casual and part-time work. The amount that can be earned before benefit reductions (\$62 per fortnight from 1 July 2000) should be indexed to reflect CPI increases in unemployment allowances. The present withdrawal rates in benefits should also be reduced. The Committee suggests that the tapering rates be reduced at both levels by 10 cents.

#### **Recommendation 15**

**4.116 The Committee recommends that the Government index the amount that can be earned before a reduction in benefits; and reduce by 10 cents, the 50 and 70 cents in the dollar withdrawal rates for long-term unemployed mature-age people, to encourage them to accept and report part-time and casual work.**

The Committee believes that being able to spread benefits cuts across the whole financial year, when not in continuous work, would be a major consideration in accepting and reporting part-time and casual work.

#### **Recommendation 16**

**4.120 The Committee recommends that the Government examine the feasibility of re-introducing, for people on benefits, an earned income tax credit scheme spread over the financial year, for those in casual and part-time work.**

## Transport costs

Lack of available transport adds to the disadvantages experienced by unemployed job seekers. While Job Network providers are able to use their discretionary funds to subsidise travel costs, most do not do so, preferring to allocate the money to other purposes. The Committee considers it worthwhile to trial a reimbursement scheme for the most disadvantaged job seekers—namely those in areas of high unemployment, geographic isolation and without easy access to direct public transport.

Funds could be earmarked for this purpose and managed by Centrelink in several locations in outer metropolitan, rural and regional areas.

Reimbursement would be made only on presentation of dated receipts, with proof of arrival at destinations. This scheme would also enable those who used their own vehicles to be reimbursed for running costs, using the ATO kilometre formulae. Job Network providers could monitor the scheme so that an assessment could be made of its success in helping job seekers to find work.

### Recommendation 17

- 4.124 **The Committee recommends that the Commonwealth Government, in co-operation with the States/Territories, examine the extent to which transport difficulties are disadvantaging job seekers in outer metropolitan, rural and regional areas.**

### Recommendation 18

- 4.125 **The Committee recommends that the Commonwealth Government trial a transport reimbursement scheme for job seekers experiencing transport difficulties in outer metropolitan, rural and regional areas. The trial should be managed by Centrelink in those locations.**

## Portfolio employment

Many mature-age job seekers, as a result of the stress of losing their jobs, also lose their motivation and self-confidence. Being able to secure part-time jobs can help boost morale. As part-time and casual work become more common, increasingly people are supporting themselves by working in a 'portfolio' of several jobs. Working casually might lead to full-time employment in one job or it might result in portfolio



employment. The Committee believes, therefore, that it is important to educate mature-age people about the issues associated with portfolio employment and the possibility that casual or part-time work may lead to a permanent job.

### **Recommendation 19**

**4.131 The Committee recommends that the Government fund an education campaign targeting mature-age people, especially men, concerning the changing nature of the labour market and the issues associated with portfolio employment, including its possible benefits.**

## **Work for the Dole**

Attitudes to the Work for the Dole program vary greatly from full support to complete opposition. Nevertheless some witnesses urged that Work for the Dole be opened to those over 45. A criticism of the Work for the Dole program is that it lacks a training component, although some witnesses did mention an element of training with individual projects. Training that is provided may not be extensive but Work for the Dole can play a positive role in maintaining work habits for the long-term unemployed, regardless of age.

### **Recommendation 20**

**4.134 The Committee recommends that the Work for the Dole program, under a name not stigmatising to mature-age workers, be extended on a voluntary basis to long-term unemployed job seekers over 45. Where possible, those over 45 should be given the option to work on individual assignments rather than as part of a group of unemployed people.**

## **Mentoring**

A 'mentor' by definition is a trusted adviser and teacher who guides another person during the mentoring period. The concept of using mature-age people as mentors in Work for the Dole schemes was discussed by a number of witnesses. Mature-age people, with appropriate training, could be used in community support programs such as school literacy and numeracy recovery programs. A screening process would be required to ensure that the mentors had the required skills and aptitude. Given that many mature-age people have a wealth of experience and

knowledge, they could make useful supervisors for younger people in Work for the Dole programs.

### **Recommendation 21**

**4.137 The Committee recommends that unemployed people over 45 appropriately screened for skills and aptitude, be trained as mentors and supervisors in the Work for the Dole programs.**

## **Volunteering**

Volunteering is a valuable way for mature-age job seekers to maintain their self-esteem and self-confidence, as well as their skills and work experience. Employers need to accept that periods spent in unpaid work may be as valuable as periods spent in paid work. The Committee would like to see more private sector involvement in making voluntary work opportunities available to unemployed people.

## **Phased retirement**

When a person goes from a full working week immediately into retirement or unemployment, they often feel at a loss. Phased retirement may be a suitable transitional mechanism. The Committee is not advocating the invention of unnecessary duties in order to keep a person in an organisation nor is it supporting subsidised transition. However, where it is possible for employers to reorganise by offering a reduced work-load and shorter hours to employees, and those employees willingly agree to such an arrangement, then this would be mutually desirable.

The Committee believes there is merit in encouraging phased retirement for those over 60 while allowing the person either to access part superannuation or to make further contributions. Therefore the Committee supports amending the Superannuation Industry (Supervision) Regulations to allow workers over 60 partial access to their superannuation as a supplement to reduced wages should they wish to partially retire.

### **Recommendation 22**

**4.150 The Committee recommends that the Minister for Finance amend the Superannuation Industry (Supervision) Regulations to allow workers over 60 to have partial access to their superannuation as a supplement to reduced wages, if they wish to partially retire. Such a change should be accompanied by effective measures against coercion.**

## Service providers

Many unemployed people are apparently not aware they may register with Centrelink immediately they are unemployed, whether or not they are eligible for benefits. The Committee believes that Centrelink should provide this information prominently on its internet site and in all Centrelink publications. It should also widely publicise the existence of self-help facilities such as computers, printers and fax machines so unemployed people may access them. Centrelink publications should be placed in workplaces, public libraries and community centres.

### Recommendation 23

- 4.153 **The Committee recommends that Centrelink display on its internet site and in its literature, a prominent notice informing retrenched people they may register with Centrelink immediately they are unemployed, even if they may not be eligible for benefits.**

### Recommendation 24

- 4.154 **The Committee recommends that Centrelink list more prominently on its internet site all the self-help services it offers clients and add this list to its *Customer Charter* and other relevant publications. These publications should be placed in workplaces, public libraries and community centres.**

## Centrelink services

The Committee believes Centrelink case officers should advise clients at the first meeting that they have the right to change case officers or to seek additional advice and counselling. This information should also be mentioned prominently in relevant Centrelink publications.

### Recommendation 25

- 4.157 **The Committee recommends that Centrelink add to its *Customer Charter* and other relevant publications, information about the right of a client:**
- **to change case officers; and**
  - **to seek additional advice and information from a professional specialist.**

## Early intervention

Given the trauma experienced by many mature-age retrenched workers and their potential to be long-term unemployed, the Committee explored the feasibility of admitting these clients quickly to Intensive Assistance. What the Committee is proposing is not the admission of less needy clients, but a fast-tracking procedure to identify as soon as possible those mature-age workers at high risk of long-term unemployment for immediate access to the assistance they need.

### Recommendation 26

**4.172 The Committee recommends that the Job Search Classification Instrument (JSCI) be applied to all retrenched employees, before assessing their eligibility for income support, preferably while they are still in employment. Where mature-age job seekers are assessed by the JSCI as being at high risk of long-term unemployment, and meet the assets and income tests, these clients should be immediately assigned to Intensive Assistance.**

## Job Network providers

### Accountability

The Committee asked witnesses about accountability arrangements to monitor service delivery by Job Network providers to meet their contracted obligations to mature-age job seekers. The methods by which the outcomes are achieved are now largely a matter between the providers and their clients. The Committee was told that where a pattern of complaints is discerned in the database collated by DEWRSB, then a quality audit is instigated without waiting for the programmed six months audit.

The Committee accepts that these quality audits will enable DEWRSB to monitor generally the delivery of service to unemployed job seekers. The question, however, is whether Job Network providers might neglect the needs of clients who are more difficult to place in employment, preferring the easier and quicker returns from placing those who are job ready.

## Recommendation 27

- 4.190 **The Committee recommends that the Department of Employment, Workplace Relations and Small Business adopt the following improvements suggested by the Australian National Audit Office, in order to develop quality assurance in the monitoring of Job Network providers:**
- **Adopt a standard pro-forma for site visits;**
  - **Monitor on a risk-based continuous cycle;**
  - **Provide a written record, signed by the audited Job Network provider and auditor, of key audit issues and the actions agreed, with a time frame for implementation;**
  - **Develop a test program for sampling claims; and**
  - **Review the process of monitoring multi-site providers so there is improved consistency, and any significant issues can be documented.**

### Eligibility assessments for Newstart payments

The Committee is sympathetic to the concerns expressed by mature-age people forced to draw on their superannuation until they are eligible to receive income support. They are required to sacrifice their retirement savings without a future opportunity to add to retirement savings, if they are unable to find full-time work again. Treasury pointed out the implications this has for the individuals' lifetime financial resources. On the other hand, the Committee is mindful of the concerns expressed by the Department of Family and Community Services (DFaCS), especially in its discussion about those who attempt to 'park' assets into private superannuation.

Witnesses spoke of the hardship which results when retrenched people over 55, after 39 weeks on unemployment benefits, are required to draw down their superannuation to make up for any loss of income. Using up superannuation assets increases the likelihood that such people will need the age pension when they reach retirement age—thus adding to social security costs at a later stage. The early consumption of superannuation assets not only depletes those assets but eliminates the asset growth that would have occurred.

The Committee believes that superannuation assets, up to a certain value, could be considered separately from other assets, when considering eligibility for Newstart payments for people over 55, after 39 weeks on

benefits. Alternatively, the 'means test free' areas could be increased to reduce hardship and help preserve superannuation assets for retirement.

### **Recommendation 28**

**4.198 The Committee recommends that the Government re-consider its decision to include superannuation assets in eligibility assessments for Newstart payments for people over 55, who have received benefits for at least 39 weeks. If necessary, a ceiling could be set on the amount of superannuation assets that are able to be excluded.**

### **Accessing superannuation for mortgage payments**

The number of households having difficulties with mortgage repayments has risen steeply since 1990, with the value of claims paid by major mortgage insurers during the 1990s three times the level of the 1980s. People who lose their jobs often experience considerable stress. This stress is aggravated for those with major financial commitments to meet, such as mortgage payments.

The Committee considers that as soon as people are in receipt of Newstart Allowance they should be able to apply for access to their superannuation funds to meet regular mortgage payments. The existence of mortgage commitments should be sufficient for a person to qualify for this access.

### **Recommendation 29**

**4.205 The Committee recommends that:**

- **the Government remove the 26 weeks waiting period before people on Newstart Allowance benefits are able to access superannuation funds to meet mortgage payments. The existence of mortgage commitments should be deemed to satisfy the financial hardship grounds for such access.**
- **the Government explore the feasibility of allowing anyone over 45 to access their superannuation contributions for mortgage payments purposes in the immediate unemployment period up to a maximum of 26 weeks; and**
- **Centrelink publicise on the internet and in other relevant publications that superannuation fund members who are receiving Newstart Allowance benefits may access up to 3 months' repayments and 12 months' interest on the outstanding balance of a loan in order to make payments to save the family home from foreclosure.**

## Reduce waiting time for unemployment benefits

Unemployed mature-age people with more than a specified level of savings cannot access unemployment benefits immediately. The Committee was told the present savings threshold of \$2500 if single and \$5000 for a couple is too low, while the maximum waiting period of 13 weeks is too long.

The Committee notes the departmental advice that inequities should not be created whereby those who have more assets are more favourably treated than those without. The Committee is aware, however, that until relatively recently, not every worker made superannuation contributions. Instead, some people prepared for their retirement through private savings and investments. Those with no or little superannuation therefore should be given additional consideration. To require such people to wait until their savings are exhausted before accessing income support and Intensive Assistance seems to make short-term savings but increase long-term costs.

### Recommendation 30

**4.210 The Committee recommends that the Government review the liquid assets test waiting period for mature-age job seekers so that those without superannuation may have the threshold savings amount and the waiting period varied.**

## Establishing a small business—a high risk option

Many mature-age people, having lost employment, choose to establish or purchase a small business. Some welcome the sense of independence that self-employment may bring. A redundancy package may be seen as providing an opportunity for a change in direction—a new career more fully under their control. For others, who may have experienced a lengthy period of being unable to find another job, it may be more an act of desperation. Many small businesses, however, do not survive and the personal consequences may be very severe. Key factors contributing to business failure include unrealistic expectations; lack of access to sufficient finance; and inadequate business skills and planning.

### Risk of business failure

There is strong anecdotal evidence concerning the risks involved in small business—both in terms of business failure and the difficulty in producing

satisfactory returns on the investment involved. The consequences of business failure can be even more devastating than loss of employment. Many owner-operators have limited access to retirement incomes and their financial security is dependent on their business. It is imperative that mature-age people considering starting their own business be adequately counselled concerning the opportunities and risks and what they should do to increase their chances of success. Training is vital to small businesses as many are competing for clients against medium and large organisations, whose staff are trained and experienced.

### **Financial needs**

Small businesses by their very nature usually start with a low capital base. A lack of sufficient working capital cripples many small businesses before they can become established. Many small business people do not adequately assess all risks before establishing their businesses or use key management tools when operating them.

#### **Recommendation 31**

- 5.53 **The Committee recommends that the Department of Employment, Workplace Relations and Small Business develop an information package for Centrelink to distribute to employees facing retrenchment, and to those who have recently been retrenched. It should outline and include:**
- **the risks of small business failure;**
  - **the need for specific training in small business management, and information about where such training may be received; and**
  - **the need for financial advice concerning the investment of redundancy payments, and concerning the establishment and running of a small business, and where such advice may be obtained.**

#### **Recommendation 32**

- 5.54 **The Committee recommends that Centrelink require its case officers to emphasise to those registering for income support that financial advice is available and the importance of such advice for those who may be considering starting a small business.**



## New Enterprise Incentive Scheme

The New Enterprise Incentive Scheme (NEIS) provides advice and a highly valuable means of training for those who are unemployed and wish to start their own business. About 6000 are assisted through NEIS each year. The proposed business must be independent, reputable and lawful and should never previously have been operated on a commercial basis. Participants sign a NEIS Participant Agreement with DEWRSB and receive income support for up to twelve months while they establish their business.

### NEIS mentors

Once a business is operating, the provider is required to make mentor support available and conduct viability assessments and income tests. NEIS mentors and their support to participants during the first year of business operation is critical to the success of that venture. The Committee believes it is important that volunteers devote the necessary time to their mentor responsibilities. There is merit in having more frequent contact, preferably face to face. The Committee acknowledges, however, that some mentors are volunteers who may have other calls on their time.

### Recommendation 33

- 5.65 **The Committee recommends that NEIS mentors visit their NEIS participants on a more frequent basis, perhaps monthly.**

A number of witnesses indicated that the support and advice from their NEIS providers and mentors could be more helpful. The Committee is aware, however, that sometimes those who are able to run a business themselves may not have the necessary skills to be able to teach others the same skills.

### Recommendation 34

- 5.69 **The Committee recommends that NEIS providers be required to ensure that the mentors they select are trained in how to guide the NEIS participants effectively through the process of establishing and operating a business. Specific mentor training in communication and coaching is not only desirable but should be required.**

## NEIS outcomes

The viability of new NEIS businesses is monitored and assessed three months after support has ended. The Committee believes a better assessment of NEIS outcomes would be achieved if monitoring occurred not only at three months but also at six, twelve and twenty-four months after the end of support, given the failure rates among small businesses.

### Recommendation 35

- 5.74 **The Committee recommends that the Department of Employment, Workplace Relations and Small Business monitor the progress of NEIS businesses at three, six, twelve and twenty-four month intervals to better assess the outcomes of the program.**

DEWRSB reported that from July 1998 to April 1999, 22 per cent of NEIS participants were mature-age people. Positive outcomes are lower for older participants—by seven percentage points for those aged 45 to 54 and a further eleven percentage points for those aged 55 and over. The Committee believes that the reasons for the lower outcomes rate for mature-age NEIS participants should be further examined, given the implications business failure has for a person who has previously been retrenched.

### Recommendation 36

- 5.76 **The Committee recommends that the Department of Employment, Workplace Relations and Small Business examine why mature-age NEIS participants have lower positive outcomes than younger participants so that the NEIS program may be better tailored to suit their specific needs.**

## Further proposals to improve NEIS

A number of suggestions for improving NEIS were made during the course of the inquiry. The NEIS program could be extended to those who want to buy a franchise or an existing business. Both options may entail a lower risk of failure. The Committee is aware that possible displacement effects and the possible funding implications need to be examined in order to help determine whether this proposal should be adopted.

## Recommendation 37

- 5.82 **The Committee recommends that the Minister for Employment, Workplace Relations and Small Business examine the feasibility of amending the eligibility requirements of NEIS to allow participants the option of buying a franchise or an existing business.**

Some Job Network providers offer a NEIS program on a fee-for-service basis. TAFE courses are also available. Those who are not eligible for NEIS are still able to receive a substantial amount of advice through the Commonwealth funded Business Entry Point. It is an important starting point for those contemplating setting up their own business. In addition, there are business startup kits tailored for each State and Territory.

The Indo-Chinese Employment Service claimed that the NEIS program is too difficult for some mature-age Indo-Chinese participants because of English language problems. The Committee believes that while language needs can be addressed by going to ESL classes, NEIS participants from non-English speaking backgrounds may still need help in understanding Australian cultural and business mores, and accounting and taxation provisions. DEWRSB should monitor how effectively NEIS providers deal with such clients.

New businesses established by NEIS participants face a major task in trying to become known to potential customers or clients. This can be a substantial hurdle that must be overcome if the business is to survive. These businesses are at the vulnerable end of the market and should be further assisted, given the public investments already made in their ventures. The Committee will be interested in reviewing DEWRSB's examination of the feasibility of a directory of new NEIS businesses.

## Awareness of government programs

Despite the existence of the Business Entry Point on the internet, there appears to be a lack of awareness of government programs to assist those wanting to start a small business. The Committee believes that DEWRSB should examine its information dissemination processes so that comprehensive information about NEIS and other small business assistance programs is more easily available, in written form and on the internet. In addition, the departmental internet site should be clearly linked to the Business Entry Point.

**Recommendation 38**

5.111 **The Committee recommends that the Department of Employment, Workplace Relations and Small Business examine its information dissemination processes to ensure that comprehensive information is more easily available about NEIS and other small business assistance programs.**

**The Committee further recommends that the Business Entry Point on the internet provide an easy-to-find link to information about the NEIS program.**