

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

INQUIRY INTO OLDER WORKERS

A SUBMISSION FROM WOW EMPLOYMENT SERVICES INC.

**Head Office: Level 1, 131 Paisley Street,
FOOTSCRAY Vic. 3011**

Ph.: 03 9687 2555

Fax: 03 9396 1585

Email: wow@wow.org.au

**Prepared by
Jill Milthorpe
WOW Manager
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WOW Employment Services Inc., a specialist employment service established in 1994 to address the particular difficulties of mature age (40 years and above) job seekers attempting to return to the workforce, is encouraged to note that the House of Representatives is also looking into the difficulties of employment for older people, following the Senate inquiry last year.

The workforce in Australia is ageing rapidly but Australia, unlike many European nations, has taken no significant action to date to address the issue. and it is noticeable that, even in this International year of the Older Person, no mention of older workers as a special area of disadvantage, is made in the Exposure Draft of the Employment Services Request for Tender, released in mid-April.

In fact, older workers receive less public attention than any other sector of the unemployed but are the fastest growing segment of those who are long-term unemployed. This organisation believes there is an urgent need for a public education system to help change employer attitudes to both the older workers currently in their workforce and to the employment of older workers when replacing staff.

Thought needs to be given to the design of workplaces by employers, so that workers can remain in their jobs longer without significant physical damage rather than simply being replaced by younger workers when heavy lifting etc. becomes too difficult.

WOW Employment Services Inc.

In December, 1994 WOW received funding (as Western Older Workers Consortium Inc.) from the Victorian Department of State Development under the Community Based Employment Project and has been re-funded every year on the basis of its high standards of service, placement success and service processes.

In December, 1995 WOW successfully tendered to the Employment Services Regulatory Authority in the first round of submissions, to provide case management services specifically to older workers. It was again successful in 1996.

Although it tendered for a continuation of that service under the new FLEX program in 1997 it was one of the many community organisations which did not receive a FLEX 3 contract offer. WOW was offered FLEX 1 and 2 but declined as the offer was not economically viable without FLEX 3. The organisation's decision not to accept a non-viable offer has since been borne out by changes to the FLEX 1 payment structures as a result of intense lobbying from those who did accept but could not do their sums accurately. WOW intends to tender again in the new tender round due to commence shortly.

During those past five years WOW staff have placed, or assisted to find their own work, more than 3,000 older workers back into the productive workforce, almost all in the socially and economically disadvantaged western suburbs of Melbourne. Of those placed, the oldest was 62 years of age and up to 50% were from non-English speaking backgrounds.

The contents of this submission are the product of those five years of "hard yakka" in an extremely difficult area of employment placement services. However, that field is one in which this organisation has had significant success for a group that, until this International Year of the Older Person, had been virtually ignored by Federal policy makers.

Image Problem

There is no doubt that older unemployed people have suffered from an image problem over the past two decades of "down-sizing" of industry and commerce. Many companies have started with the oldest members of staff and worked down to the younger members in deciding who was to be offered a redundancy package. Employers - many of whom are themselves well over the 40 years of age mark, have difficulty in accepting that their employees of the same age are still as competent (or more so with the years of experience) than they were when they were 20.

Unfortunately they are now discovering that in constructing a young workforce they have lost their "corporate memory", many essential skills and now have no older workers to mentor and assist younger staff. WOW has long advocated the development of **a balanced workforce** in every work place, consisting of older people providing stability, good work habits and skills and a mentoring capacity, for the younger staff members with their alleged additional energy, physical capacity, up-to-date skills and creativity.

As a result of employers making this discovery, WOW now has a large database of employer clients who are looking to redress the balance of their workforce or who have found, as our many testimonials from employers demonstrate, that their older workers are, in fact, proving more reliable, arrive on time, give a full day's work for their wages and, to add some gilt to the gingerbread, can often use "that old piece of machinery in the corner of the workshop that we need but haven't been able to use since we downsized!"

However, that database of employer clients has been achieved as a result of consistent promotion, advertising and advocacy of our clients' capacity over the years. Many employers are still caught up in the much-hyped drama of youth unemployment and the perceived need that they should be seen to be doing something to help the out-of-work young.

WOW works on the principle of referring job seekers, regardless of age, on the basis of their skills meeting the criteria of the job description.

Some Background On The Western Suburbs Of Melbourne

Melbourne's western suburbs were particularly hard hit by the downsizing of industry and the decision of many companies to take their manufacturing off-shore, during the 1980s and early 1990s. Unemployment has frequently run close to 30% in some parts of the region, particularly those areas with a high ethnic population, and remains extremely high in Sunshine and St. Albans currently.

It has many areas with high levels of immigrant population. Again, Sunshine has 43.5% people from a non-English speaking background, while Footscray has 39%.

Weekly incomes per household are among the lowest in the country, with Footscray averaging only \$495 per household in spite of a recent trend of "gentrification" and an influx of young professionals buying cheap housing only minutes from the city. For the whole of the western suburbs the average weekly household income is \$648 compared to \$838 in the Eastern suburbs' municipality of Boroondarah, covering Camberwell, Kew and Hawthorn.

We provide the following statistics and graphs to demonstrate the significant disadvantage, both economic and social, of the western suburbs and its people.

STATISTICAL COMPARISON		WESTERN SUBURBS					
Suburb	Unempl	In work	Not looking	Income	Populat'n	NESB	NESB%
Keilor	3,794	30,684	18,710	\$767	73,202	27,661	37.8
Moonee Valley	1,746	18,861	12,868	\$734	40,858	12,288	30.1
Essendon	2,993	28,325	19,522	\$645	63,991	14,820	23.2
Williamstown	1,110	11,199	8,109	\$651	24,969	4,073	16.3
Altona	2,514	19,972	14,448	\$651	48,195	13,383	27.8
Sunshine	5,576	27,220	25,238	\$590	75,929	33,254	43.8
Maribyrnong (F'cray)	4,727	20,236	21,660	\$495	59,029	23,349	39.6
	22,460	156,497	120,555	\$648	386,173	128,828	33.4

STATISTICAL COMPARISON		BOROONDARA MUNICIPALITY (Eastern suburbs)					
Suburb	Unempl	In work	Not looking	Income	Populat'n	NESB	NESB%
Camberwell Nth	969	17,828	12,780	877	39,447	7,248	18.4
Camberwell Sth	1,188	21,660	13,174	916	46,029	5,842	12.7
Hawthorn	1,054	15,800	8,741	762	30,641	5,366	17.5
Kew	767	13,374	8,801	927	28,473	5,382	18.9
	3,978	68,662	43,496	\$870.50	144,590	23,838	16.5

The figures given above were taken from the Australian Bureau of Statistics web site on 13th April, 1999 and are the most up-to-date available to the writer.

The figures above for those not in the workforce (charted as "not looking" for work) are a cause for considerable concern, particularly in the west where a significant proportion are reasonably expected to be discouraged older job seekers or the forcibly retired. In Footscray, with a median household income of only \$495, it seems reasonable to assume, and our experience with thousands of older job seekers underscores this assumption, that a significant proportion of the 36.69% of the population listed as "not in the labour force" by the A.B.S., would work if they could.

On the other side of the city, it also seems reasonable to assume that in Camberwell South, with a median household income of \$916 and with 49.6% not in the workforce, people have some choice about early retirement or remaining at home as a parent and carer.

Some Myths About the Older Unemployed

These, however, are merely statistics. The people are something else again. The writer would like to stress that WOW'S experience has been that only a small percentage of long-term unemployed genuinely don't want to work. It is far commoner to find that they truly believe there is no point in making the effort because it will be un-rewarded.

There are two normal patterns to sudden unemployment, whether as a result of being made redundant, with a package, or simply being laid off as a result of industry downturn. With a redundancy package many older workers say to themselves: "I've been working hard for 25 years. I've got the money. I think I'll take a year off before I go back to work."

What they don't realise is that when they want to go back to work in 12 months time, they are already long-term unemployed and employers won't want to know.

The other common scenario is that after being made redundant or laid off, the newly unemployed person works frantically, applying for dozens - even hundreds - of jobs and constantly missing out for reasons that just don't add up. Gradually he or she realises that the jobs are going to younger people who are seen as more energetic and up-to-date, although there may be no significant difference in the skills.

[It should be noted here that all clients report finding the non-response of employers to job applications the most difficult and soul-destroying part of job search. Many clients have reported to us that, out of 100 applications they received a letter or acknowledgement from only 3 or 4. This makes the continued effort of job searching difficult to sustain. No response, we are told, is harder to cope with than a refusal.]

After six to 12 months of this frenetic activity the jobseeker, particularly those without real skills to sell in the job market, loses heart and hope and adjusts to poverty and life on the Jobsearch Allowance. As further time passes they reach a comfort level, where they can just pay their living costs and have a few dollars to spare, but the thought of going back to 40 hours of hard work per week for the same money, does not have any appeal.

Many jobs which require no qualifications pay only the minimum wage or slightly above and many are casual, part-time or shift work. A family man or woman, with three children and a mortgage can find him/herself worse off financially by returning to work.

The Direct And Indirect Loss Of Income To Regional Communities

The reasons for the decline in job opportunities in Melbourne's west are already well-documented. Many industries flourished in this area with the protection of tariff barriers and were either unable to compete and closed, or were forced to drastically reduce labour costs and increase productivity, to survive. In the Footscray/Sunshine/Braybrook area particularly there are many large empty factories which once provided relatively low-skilled work for people in the west.

This is having a continuing impact on western suburbs' communities. There are empty factories, shops and offices throughout the west (with the exception of the Moonee Ponds to Essendon area, and Werribee).

Older workers are, in the main, homeowners and ratepayers and their radical loss of income when unemployed impacts on council services and on the viability of shops and services in the areas in which they live.

The western suburbs of Melbourne had very close to 23,000 people registered as unemployed in the March quarter of last year (and perhaps as many more again in "hidden unemployed"). If you extrapolate a mean average wage of \$22,000 per person by 23,000 this is a total of **half a billion** not coming into the region's economy. If you assume that

New industrial areas in Altona/Laverton/Werribee and Tullamarine are much less labour intensive and, while they provide employment for large numbers, that employment requires higher levels of skills (e.g. literacy, numeracy, and computer capability) than those possessed by many of the displaced workers from the 1970s and 1980s.

Literacy And N.E.S.B. Workers

Literacy in English presents major difficulties for older workers, particularly for those of a non-English speaking background. Many of our 50+ NESB clients

have been in the workforce in Australia for up to 30 years and have worked in factories where their native tongue was the *lingua franca*. When they were displaced by automation they did not have the English language skills required by today's industries.

Employers say that employees must be able to read and write English to understand Occupational Health and Safety notices in the factories, to manage automated processes etc. Workers say: "I have worked here for 30 years. Now you say I am not good enough to work!"

Older ethnic workers feel they have neither the time remaining, nor the capacity, to return to school to learn to read and write English, (or for many non-English speakers and Australian-born, to learn to read and write in the first place!) Many English language courses are, in our experience, far too academic for many blue collar workers. Many of our clients, both from central Europe and from South East Asia, are illiterate in their own languages, making the task of learning to read and write a new language virtually impossible at 50 years of age.

Our experience has been that, generally speaking, clients do better in the more informal atmosphere of basic education classes of community houses and adult education centres. They certainly find the classes much less intimidating.

Recommendation: That a simpler "English for the factory floor" or "Basic English for work" program be instituted that simply aims to help NESB people make simple transactions – like getting money from an ATM, or reading Occupational Health and Safety signs – and which can be undertaken effectively in three months maximum.

It is imperative that such language classes get away from the "classroom" model. For people who left school 40 years ago, or never attended in the first place, the "classroom" model, particularly if it is "chalk and talk" method, is worse than useless.

There was also a time when employers provided work site signs in the languages of their workforces. Perhaps this could be encouraged again.

RACIAL PREJUDICE

Recommendation: That the Government enlist the support of employer peak bodies to run an attitude modification program for their members, to counter overt and covert prejudice against the employment of people from non-English racial background.

WOW consistently refers six or more clients to a given vacancy. They will be from a range of ethnic backgrounds. The employer will get back to us and ask

to interview the Jones, Smiths or Gradys but not the Fernandez or the Achemyelehs. We are rarely asked *only* to refer Australians and when we are, we respond that we are unable to do so as discrimination is illegal, but we are then well aware that referring people with foreign names is wasted effort and raises the hopes of the referred job seeker, unrealistically. It should also be noted that people born and educated in this country are subject to this sort of discrimination on the basis of their "foreign-sounding" names when they may well be Australian-born and educated.

It is significantly harder to place people of Indian and Muslim background than people from other Asian or European backgrounds.

Reluctance To Train

There is a marked unwillingness among mature workers who have spent many years in the workforce, to accept that their skills are now obsolete and that they need to retrain. Even those few who are willing to retrain are highly likely to find themselves with a whole new skill at which they are unable to compete with experienced workers in the field.

For instance, a Telstra telecommunications technician, proficient in electrical exchanges, will find his skills are obsolete in this electronic age. He retrain as an electronic technician at age 40, and finds that those who started out as electronic technicians have 10-15 years' experience in the field that he doesn't have, and that when he applies for jobs, they receive precedence.

This applies to every field in which mature workers returning to work have to re-skill or upgrade their skills. Where they change careers altogether they find they cannot compete against experienced exponents. In five years, WOW has never placed a mature worker into a job in a new skill area after re-training. Without exception they have been placed into jobs building on their existing skills and knowledge in the workforce.

Groups with Particular Disadvantages

One of the most disadvantaged groups in the mature aged unemployed pool, are the many former middle managers who were made redundant in the lean and mean 1980s and early 1990s. Many of these were career public servants or bank officials etc. who really had very little experience of value to highly competitive small business. Many of these people also expected to return to work at, or near their previous salaries and finished up taking work, if they could get any at all, at half that salary.

There was, and is, real resistance from employers, especially non-owner managers, who fear that other managers may, in fact, prove to have skills

superior to their own and that their own jobs may be threatened by offering them work. No-one wants to have a more highly skilled manager working beneath them.

There are a number of identifiable sub-sets of long-term unemployed older people in this region. One group covers those social isolates - usually male - who have no social contacts at all; frequently live in a caravan or bungalow behind their mother's house; suffer from alcoholism or depression and whose personal hygiene leaves much to be desired. Many have never worked for longer than a few months, in their lives. **The members of this group are chronically unemployable and should be permitted to transfer to more appropriate benefits.**

Another group, and one of the hardest hit groups in the older unemployed community are older men in their second marriage, often with a new mortgage and small children, made redundant at 45 or 50 with the education of those children still ahead. It is by no means rare for men in their mid- to late 40s to have a new family to raise. Loss of the family home, marital break-up, depression, alcohol dependence and ill-health frequently follow loss of job, and the more prestigious the job the more likely catastrophe is to follow.

The female half of the previous marriage forms the nucleus of another major group: older divorced, widowed or separated women in receipt of inadequate and irregular maintenance and responsible for the raising of the children of the marriage. Many such women, whose alleged income makes them ineligible for Jobsearch Allowance, have skills such that they would be unable to earn enough to justify the child care costs. Many of these women have been out of the workforce, raising a family and running a home, for up to 20 years and, quite simply, can't compete in a buyers' market where up-to-date skills are all.

Employers Reluctant To Train

Employers in the west are in what could best be described as "a buyer's market" and want people who have all the skills they need immediately and can be productive from day 1. Many employers refuse point blank to train new employees in any but the most immediate tasks and few offer a worthwhile induction process. This organisation has had experienced dry cleaning pressers refused employment because they hadn't worked the particular brand presser used by that employer. Learning to operate that press to a level of expertise would have taken, at most, one day of work.

There is a similar refusal by employers seeking clerical workers to acknowledge that someone who is truly expert at a whole range of computer packages, is able to pick up the latest up-date of a package, say Word for Windows, in a matter of half a day. Instead, they complain that there are all these people out of work but they don't have any skills. That is, quite simply, rubbish! And we

believe that there is an onus on employers, too, to be willing to give a mature worker at least half a chance to pick up the latest technology in the workplace.

The New Apprenticeship Scheme (not a good title if we want older employees to gain qualifications) offers real incentive to employers to assist staff to gain qualifications but it does not assist those out of the workforce who can't get work because they don't have a piece of paper to go with their skills and experience.

The Effectiveness of Labour Market Programs and Vocational Education and Training on Job Creation in Regional Areas

The virtual dismantling of the training sector during the re-vamping of the Federal Employment services has meant that many unemployed older people no longer have any access to programs which will help them "top up" their saleable skills.

To a significant extent, too, the remaining institutions are focussed towards youth and classroom style learning which is not the most appropriate style for people who are 30+ years out of the classroom.

There is also an urgent need to develop skills training programs which are not "literacy dependent". This organisation has worked hard to develop job search training programs for older workers based solely on the spoken word so that they are accessible to non-literate people and those with no written English.

As we no longer have a training contract, and have dispensed with the services of our trainers, those skills have now been lost to the organisation and to its clients.

Effectiveness of Current and Previous Government Funding and Program Delivery Employment

Much genuine expertise was lost to the employment placement and training sector, together with a wealth of strategies for placing clients, and thousands of productive industry and commercial contacts with employers when so many small and community-based were de-funded during the last FLEX tender round. Some of the most productive and best regarded providers were not refunded. This organisation went from having a staff of 21 people highly experienced in supporting and placing older workers, to eight staff post-tender.

There is strong evidence - and this will undoubtedly be available to the Panel from submissions from training providers - that very little FLEX funding is being diverted into training of job seekers to make them better fitted to obtain work.

We are aware of at least one organisation which *deducts any money spent on training of clients from placement workers' commission.*

JobStart no longer exists except through contracted FLEX 3 providers who may, at their own discretion, use part of their FLEX 3 service or placement fees to subsidise a client into a job. This organisation has no evidence that any such subsidies have been offered to employers.

This means that any jobseeker who is not in Intensive Assistance, no matter how long he or she has been out of work, will have no incentive payment to offer a potential employer. The loss of this employer incentive has crippled the efforts of non-contracted services to advocate on behalf of their long-term unemployed clients.

The continuing down-sizing of Centrelink is causing intense frustration and morale loss among employees as they struggle to provide some sort of service to their thousands of clients. Every day this organisation deals with people at our own counter who have been wrongly advised by Centrelink staff or given out-dated or incorrect information about the services available to them. Hundreds of job seekers are not eligible for any services under the new arrangements and they too, are angry, frustrated and impotent.

New Enterprise Incentive Scheme

The NEIS scheme continues to be a major success for those job seekers with a good business idea and the courage and skill to enter the minefield of small business.

While many people in the west have successfully undertaken the NEIS program and have established and succeeded with their new businesses, it has been our experience that self-employment is an option largely restricted to those with a reasonable level of education or good trade skills. It is not viewed as a remote possibility by the majority of blue collar workers who have spent a working life drawing a pay packet without having to think about the entrepreneurial activities of their employer. Put simply, they cannot imagine themselves as business owners.

There is an educational and attitudinal problem here for Australian educational policy makers. By and large our education systems have tended to teach people how to be good workers, not how to be good entrepreneurs. There are still significant schools programs aimed at teaching students to work for other people, most notably Victoria's "McDonald's work experience scholarships".

People of Asian, and to a lesser extent, European backgrounds, in contrast, have spent all their lives seeing all around them hustling for a living, taking on the most unlikely enterprises and succeeding, so that the idea of setting up in

business for themselves is not beyond their imaginations, as it is for so many Australians.

REMEDIAL STRATEGIES TO CONTRIBUTE TO A REDUCTION IN OLDER WORKER UNEMPLOYMENT:

- 1. STOP REMOVING GOVERNMENT SERVICES AND GOVERNMENT JOBS FROM AREAS WITH HIGH UNEMPLOYMENT.**
- 2. RETURN SOME FORM OF EMPLOYER INCENTIVE TO THE LABOUR MARKET to replace JobStart and make it available to all job seekers who have been out of work for 12 months or more but with restrictions on the number of times it can be claimed by one employer for the same job. JobStart was subject to significant abuse by some unethical employers.**
- 3. Provide a training incentive to employers to encourage REAL on-the-job training of work-ready job seekers. This might occur in conjunction with the New Apprenticeship Scheme but provide a higher training wage, subsidised by government, for older workers.**
- 4. Run a nation-wide advertising promotion to draw attention to the benefits of a balanced workforce and employing mature workers, similar to those run for youth and use a proportion of pictures of mature workers (rather than all young people) in every government advertisement and brochure.**
- 5. Establish an Employer Forum, along the lines of the British Employer Forum on Age to encourage changes to employer perceptions and attitudes to employing older workers.**
- 6. Give some priority to funding of specialist providers in areas where there are significant numbers of unemployed older workers, to assist older workers to return to the productive workforce.**
- 7. Provide in-service activities for Centrelink counter staff and FLEX 3 case managers to alter their perceptions that any person over 40 is ancient, and should retire to let a younger person have their job!**
- 8. Stop Centrelink staff encouraging older workers who are fit and job ready to go on reduced reporting or advising them to: "Just retire!" at age 45, and provide real assistance to the many older workers who are not fit and job ready, to move to more appropriate benefits.**
- 9. There is an urgent need for a Government body to be established, responsible for the preparation of "Policy Impact Statements" in**

much the same way as Environmental Impact Statements are prepared prior to a development taking place, and which closely monitors the impact of policy changes or implementations for community damage.

- 10. Establish a joint Employment/Education taskforce to consider ways of raising the level of entrepreneurial skill among Australia's young people.**

Jill Milthorpe, Manager, W.O.W. Employment Services Inc.