

A O CAREER RESEARCH SERVICES

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

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The Hon Dr Brendan Nelson M P, and Members

Firstly may I thank the Committee for the opportunity to present a point of view which I trust does some justice to the hopes and aspirations of the many hundreds of workers and job seekers I have been able to speak to and associate with over a number of years.

One of my most recent work assignments was to conduct an information hotline set up by the Victorian Government, in part to develop a data base for the "Skills Pay" program. In this role, between March and June '99, I had the opportunity to speak with almost 1000 middle aged job seekers. Many of these workers had been unemployed for more than the requisite 12 months period, which had been used to identify a target group for this program. All of these workers presented as enthusiastic job seekers, with high levels of motivation to rejoin the paid work force.

(The program was specifically aimed at job seekers who had been unemployed for less than 12 months, in an attempt to facilitate an early return to the paid workforce.)

A common thread in this program work was the desperation of most of these job seekers to rejoin the employed workforce and the high levels of anxiety brought about by the perception that they might not ever again be considered as suitable for paid employment.

Arguably these people were representative of the 700 000 older unemployed workers whose plight was described by Mr Geoff Slade of Lyncroft Consulting as a "social tragedy".(MediaLaunch.com.au 30/04/99)

I would seek to argue today that there is a major public interest issue in developing a policy which seeks to return as many older unemployed persons as possible to the workforce at the earliest opportunity. If as a community we fail in these objectives, there are not only the ongoing costs of income support and the provision of a social services safety net to be considered, but also the unspecified costs of poor physical and mental health which will eventuate, if this substantial and significant part of our community cannot be returned to active and fulfilling roles in the workforce.

From recent job seeking experience and my own research I believe we already have many of the means available to us to bring about such outcomes, but as a community we need to utilise the available resources more effectively and use them in a more efficient manner.

From my earlier career, my telephone contact work and informal research I have identified at least three broad sets of needs which invite action and I will propose fairly broad strategies to deal with each.

BASIC EDUCATION ISSUES
FUNCTIONAL INDUSTRIAL LITERACY

**TO INCREASE EMPLOYABILITY OF SEMI SKILLED WORKERS
THERE IS A NEED TO PROVIDE APPROPRIATE
INTERMEDIATE LEVELS OF LITERACY AND NUMERACY
EDUCATION FOR ADULTS AND LINK THESE TO
COMPETENCIES IN SERVICE BASED INDUSTRIES AND
ESPECIALLY, INFORMATION TECHNOLOGY RELATED
PRODUCTS AND SERVICES.**

ABS data indicate that of some 685 000 retrenched workers "56% of retrenched workers did not have post school qualifications, compared to 50% of all employees in May 1997." (ABS Retrenchment and Redundancy, 6266.0, July 1997) The ABS data also shows that of those retrenched in the three years to June 1997:

- **55% were employed again;**
- **29% were unemployed**
- **16% were not in the labour force**

The industries where the greatest number of retrenchments occurred included manufacturing, retail and construction. (ABS 6266.0)

While the recent good news regarding a down trend in overall unemployment (ABS, Labour Force, 6203.0, June 1999) must be welcomed the point remains that there are a substantial number of workers who have been unable to follow their usual occupations for an extended period, and in many cases the style of work followed will not become available again. e.g. in footwear, clothing and textiles

The ABS data notes that "the majority of retrenchments were in occupations with low and medium skill levels." The longer term outlook for older workers with out of date skills is not encouraging. My own estimate would suggest that up to one third of that retrenched group may have functional literacy problems which would limit their capacity to return to work. E.g. at the level of independently completing a useful job application.

Much of the anxiety engendered in the caller group seeking information on the "Skills Pay" program was the clients' clear understanding of the small range of positions they could effectively compete for in the current market.

The callers also understood that the jobs they had lost would not return, and much of the anger, frustration and resentment displayed turned on what had been lost, not what could be gained in a changed environment.

In general terms this data sets the scene for what has come to be known as the "discouraged worker" syndrome.

Clients were often conscious of their lack of formal education and training relative to contemporary school leavers and many expressed regret for leaving school as early as they did. Few clients could independently devise strategies to overcome their own perceived skill deficiencies, and only a very small proportion could visualise themselves in a formal schooling situation. There is currently little sharing of the concept of "life long learning" among older workers who are working through the issues of job loss, income shortfalls and their perceptions of themselves in a restructured employment climate.

This situation would be serious enough if it were confined only to the oldest workers, but when the most depressed thoughts come from workers as young as 45, e.g. that their working life is over, there are some serious social implications which might be associated with these types of mind sets.

It is **recommended** that consideration be given to the provision of at least one specialised adult education facility in at least one State to facilitate a return to study for adults who identify with such a need and that special consideration be given to the supplementary needs of country workers who are effectively penalised by the tyranny of distance. For many unemployed workers the prospect of having to travel 100 km per day to attend schooling is financially impossible. The prospect of having to board in a capital or provincial city and maintain a home elsewhere, becomes improbable to say the least.

It is also **recommended** that ongoing research be put in place to assess aspects of older learners success/ rates of return to work and that longitudinal studies be set up to evaluate rates of retention in work.

The point will be made later that the technology now exists to provide sophisticated learning networks throughout the Commonwealth and put individual tuition into virtually every home in the country.

I make two points in regard to any such provision:

A) It must be affordable and accessible to the target group including country students. Mature aged job seekers may still have ongoing responsibilities for mortgages, their own children's education or the care of aging parents. There is for example, ample material in the Victorian Board of Studies course outlines to satisfy the needs of a large number of students. the course outlines, often prepared at public cost, need to be transparently available to an older client group, who by and large are capable of identifying and expressing their needs, even if they are not as confident as to how they can meet such needs. The presentation of such material should be at the lowest practicable unit cost but should not be at a lesser level of support than is provided to existing high school/senior secondary students.

B) I believe there is a case to argue that the learning proposed here would benefit from students being able to work in collaborative social environments which provide networks and the possibilities of social support which are not

often available to adult learners within existing secondary educational structures. Current school programs provide periods of work experience for students in particular units. Adult career changers would welcome an opportunity to try other types of work and by and large would be enthusiastic work experience students. (Subject to some financial support)

POST SECONDARY SCHOOLING OPTIONS AND TRAINING

TO MATERIALLY IMPROVE PROSPECTS OF RE EMPLOYMENT THERE IS A NEED TO PROVIDE INTENSIVE TRAINING IN BASIC LEVELS OF KNOWLEDGE OF LABOUR MARKET CONDITIONS, STRUCTURAL CHANGE AND KNOWLEDGE OF JOB SEARCH SKILLS, INCLUDING FORMS OF PERSONAL DEVELOPMENT, AND DEVELOPING BROAD CAPABILITIES OF LEARNING HOW TO LEARN, AS WELL AS DEVELOPING ADAPTIVE BEHAVIOURS AND STRATEGIES.

The broadest proposition to be put here is that adult job seekers and career changers should be given high level support in order to assist them to develop study skills as well as practical career change strategies, based on market realities, a sound knowledge of self, the skills involved in the presentation of self in everyday work life as well as the specific vocational skills inherent in developing new career options

A significant proportion of the tasks involved here can now be worked through systematically and efficiently using Internet technology. There is sufficient information available to mount and conduct an effective job search program from a home based computer and limited Internet access.

The range of career information currently available **to confident and competent users of the system** is staggering in its breadth and depth. The development and delivery of socially useful educational and training outcomes is literally at our finger tips if we choose **or have the capacity** to use it.

A significant proportion of clients calling for information on the "Skills Pay" program specifically stated they needed and sought "computer training". What became obvious was that there are highly differentiated concepts of "computer training". The most sophisticated users could cite program names

and versions that they are convinced can provide them with the key to continuing employment. In Victoria at least there is clear evidence of emerging demand for highly skilled practitioners with different computer languages and diverse competencies. These vacancies generally speaking are for practitioners with 2 to 3 years experience and are not even always positions open to new graduates of computer science courses.

From another perspective there are large numbers of vacant positions requiring computer skills but these are often related to specialist operating systems e.g. as in banks, insurance and travel agencies, and it is very difficult for the uninitiated to gain access.

These are not the types of computer skills to be developed in short courses in a local library or community setting. These are skills that require a high level of investment in time energy and foregone income if they are to be acquired. Skills in demand are generally speaking in “demand” because they are difficult to acquire.

Many smaller employers willingly pay substantial premiums to attract staff away from employers who make the initial investment in the training of juniors and new entrants or industry specialists.

There remains an argument that the use of a sectoral training levy would be the fairest way of sharing the training costs around a particular industry where those employers who do train, could draw on an industry fund which in turn imposes a surcharge on those employers who do not provide training. In short if an industry sector can identify a skills shortage, it should also be able to cost the effects of the shortage and consider ways and means of contributing to the task of eliminating skills shortages.

A variation on this theme might see a range of industry providers offering “Free” training to interested parties and then using the training program outcome as a defacto selection exercise to identify say the top 10% or 20% of performers and then make offers of employment to individuals as recruitment needs arise in the organisation or indeed across an industry sector.

The private sector already has made a major investment in testing/assessment technologies, training resources and fields such as train the trainer and assessor competencies.

There is an arguable case that the widespread use of modern assessment and diagnostic tools could help a wide range of candidates, to more easily and more quickly set courses towards new careers if they had the benefit of widespread modern aptitude testing at a price that this client group could afford.

TOWARDS THE SELF EMPLOYMENT OPTION

THERE IS A NEED FOR ALL THOSE WHO WISH TO CONSIDER THE OPTION OF SELF EMPLOYMENT TO BE GIVEN VALUED AND VALUABLE TRAINING IN THE ASSESSMENT OF SMALL BUSINESS RISKS AND OPPORTUNITY COSTS, ESPECIALLY WITH REGARD TO THE PURCHASE, COMMENCEMENT, GROWTH AND DEVELOPMENT OF NEW SMALL BUSINESSES

For many older retrenched workers the option of self employment can be seductive. It can also be bear country for inexperienced participants with the potential for financial disaster and psychological stress never far away.

With the above caveats in mind and a generally poor record of success, small business can remain as a viable form of wealth creation and as a useful form of income supplementation.

Contemporary financial advisers seem to recommend almost universally that investors should be aware of their own risk profile and aspirants to small business operations should be aware that all investment carries some form of risk.

What I would wish to argue from this point onwards is that while, we as a community cannot eliminate risk in small business, if we wish to foster the values of small business, we must also provide adequate training and support so that our would be entrepreneurs are at least acting as informed investors. There are excellent study materials and courses available which can at least answer the question "Does a business opportunity exist?". It is arguable that the basic skills of small business are teachable and that entrepreneurial competencies can be assessed. (See Catalogue of Aust Training Products)

Training in business principles with the attendant skills of data processing, book keeping, cash flow analysis, customer service and marketing could all be valuable skills for a wide range of workers whether or not they chose to take the final step and commence trading in their own right. The skills learnt in a well developed program could be of benefit in almost any business structure. The same skills could go some way towards creating a more vital small business sector if there were a wider sharing of the knowledge of what constitutes successful small business operation and how the requisite skills can be developed.

While we cannot eliminate risk it seems to this writer at least that there is a reasonable case to call on the public purse for at least some speculative funds aimed at producing innovative outcomes especially in rural areas. There is still room for growth and for the development of value adding functions in agriculture and other areas of primary production, there is still room for growth in tourism. There are new and old ways of developing co operative activity that can be of immense benefit in regional Australia. There are specific regional skill shortages which can be identified and which could provide niche markets for a wide range of small business forms.

THE BOTTOM LINE

None of the foregoing options comes without cost. A starting point though may be a consideration of the sorts of social costs we lay up for ourselves if we do not get this group of workers back on the job. Average weekly earnings as at may 1998 were about \$767. The costs of foregone production and lost contribution to the Gross National Product rise dramatically when the amount is translated to annual salary, say \$37 000. The figures move along fairly quickly when multiplied by 700 000 or even any substantial proportion of that population. Each 1000 workers left unemployed represents a potential loss to GNP and to local consumption of some \$M37.

Self interest suggests we should not be ignoring economic growth potential of this order and this is aside from the inevitable costs which will follow from enforced idleness with the associations of over use of alcohol, substance abuse, depression and domestic violence. There is an urgent need to foster a culture of change and to help those most affected by it, to deal with innovation and change.

A starting point might be that a group of mature aged career changers could be supported to the order of 2/3 of average weekly earnings for something to the order of \$25 000 per year with a reasonable set of prospects of returning to the workforce within 2 to 3 years.

While it is true these costs are higher than current unemployment benefits such additional support as is being proposed would not be universally available. In general terms mature aged career changers would need to demonstrate some capacity to attain higher order skills and to be able to demonstrate some evidence of emerging needs and skill shortages.

It would seem to be a simple social justice issue to provide basic educational resources for all those who seek it and the process of adults returning to school should be bolstered. This can be done perhaps most easily by extending existing social security provisions regarding approved activities and the addition of a simple mature aged student allowance to any existing benefit. Such trainees could be required to show evidence of continued progress and some trainees would self select out of a long term program of training into work at some point of readiness.

For those seeking career change training or retraining I would argue a **form of higher level assistance than Austudy is required** for retrenched workers. In the worst case scenarios a worker leaves employment with a few weeks or months salary usually with the knowledge that the industry that he or she has worked for is facing structural change and that their immediate set of employment prospects has shrunk. People need time to adjust to this new reality , they need time to reflect and develop strategies for re entry into the work force and to maximise the potential of their remaining earning years.

The difficulty of the task should not be under estimated and **it is recommended a period of income maintenance be provided bearing some relationship to an employee's previous work life/tax paying history.** One formula might look like a prescription for a long service leave entitlement e.g. three months for each completed ten years of service, with the bonus of educational fees been given in as well. As its basis this program would recognise the contribution that workers had made during their first working life and sustain them through a period of adjustment into a second career. The same or similar benefits might also be usefully provided to those who would wish to follow the self employment/small business option.

SUMMARY OF FINDINGS

WHAT ARE THESE PROJECTIONS?

The projections presented in this publication show the outcome for the labour force of extrapolating historic trends in labour force participation rates into the future, and applying them to projections of the population (which have their own assumptions about fertility, mortality and migration). These projections are not forecasts.

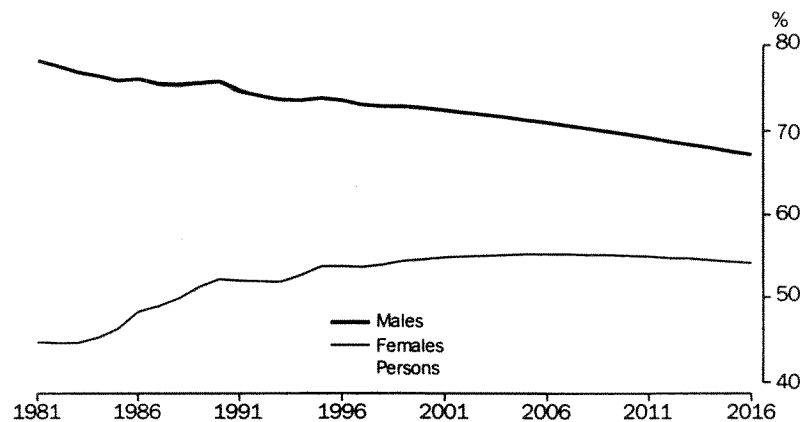
WHAT IS PROJECTED TO HAPPEN TO THE LABOUR FORCE?

Australia's civilian labour force aged 15 and over is projected to grow to 10.8 million in 2016, an increase of 1.5 million or 16% from the 1998 labour force of 9.3 million.

This represents an average annual growth rate of 0.8% between 1998 and 2016 compared with an average annual growth of 1.9% between 1979 and 1998. The annual growth rate is projected to decline from 1.6% in 1998-99 to 0.4% in 2015-16. (See page 8.)

The overall labour force participation rate is projected to decline slightly, to 60.6%. This rate was last experienced in 1984. In 1990, the labour force participation rate peaked at 63.7%—the highest level since it has been measured. It will not reach this level again during the projection period. (See page 9.)

PARTICIPATION RATES ESTIMATES AND PROJECTIONS



The labour force is projected to age quite dramatically, with over 80% of the projected labour force growth occurring in the 45 years and over age group. (See page 8.)

LABOUR MARKET IN BRIEF

TREND ESTIMATES

The trend estimate of employed persons has been increasing steadily since June 1997, reaching 8,742,300 in June 1999. Full-time employment has continued to rise, reaching 6,459,300. Part-time employment has also continued rising, reaching 2,283,000. The trend estimate of unemployment has been falling since August 1998, to stand at 692,100 in June 1999. The trend unemployment rate decreased to 7.3%, with the male and female rates remaining at 7.4% and 7.3% respectively. The trend participation rate remained steady at 63.0%. The male rate remained steady at 72.7% and the female rate remained at 53.6%.

EMPLOYMENT

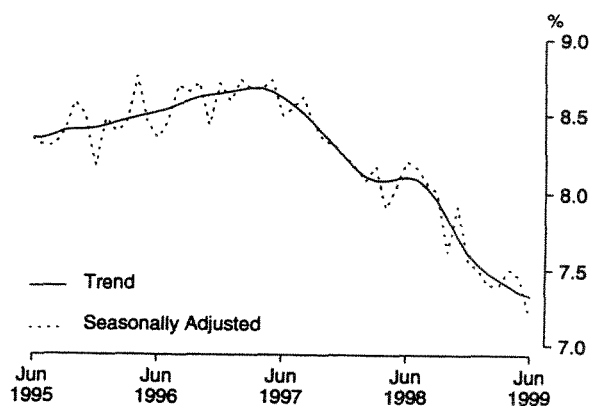
The seasonally adjusted estimate of employment rose by 62,400 to 8,774,600 in June 1999. Full-time employment increased by 58,000 to 6,487,300, with an increase in male full-time employment of 26,700 to 4,332,000, and a rise in female full-time employment of 31,300 to 2,155,300. Part-time employment rose by 4,400 to 2,287,300, with male part-time employment rising by 9,400.

UNEMPLOYMENT

The seasonally adjusted estimate of unemployment fell by 22,400 to 679,600 in June 1999. The number of unemployed males fell by 18,300 to 386,400 and the number of unemployed females decreased by 4,100 to 293,200. The number of unemployed persons seeking full-time work fell by 5,200 to 515,400, and the number of persons seeking part-time work fell by 17,200 to 164,200.

UNEMPLOYMENT RATE

The seasonally adjusted unemployment rate fell from 7.5% in May 1999 to 7.2% in June 1999. The male unemployment rate fell 0.4 percentage points to 7.2%, and the female unemployment rate fell by 0.1 percentage points to also stand at 7.2%.



PARTICIPATION RATE

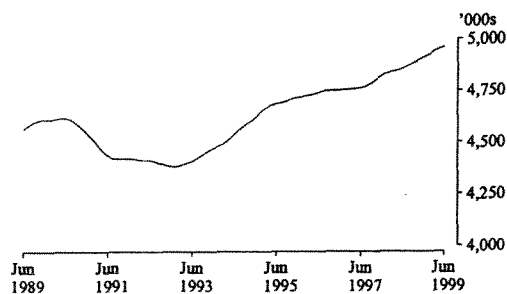
The seasonally adjusted labour force participation rate increased by 0.2 percentage points to 63.1% in June 1999. The participation rate increased by 0.2 percentage points for both males and females, with the male participation rate rising to 72.7% and the female rate rising to 53.8%.

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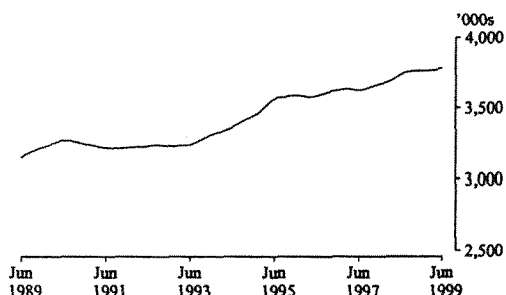
PRINCIPAL LABOUR FORCE SERIES

EMPLOYED PERSONS: TREND SERIES

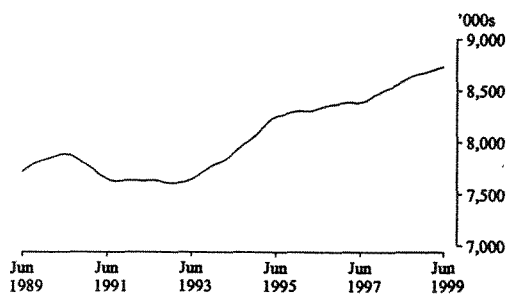
Males The trend estimate of male employment fell from 4,620,900 in May 1990 to 4,383,300 in January 1993. Employment then rose strongly until mid 1995, followed by a period of slower growth to mid 1997. The trend estimate has since risen steadily, to stand at 4,961,600 in June 1999.



Females After remaining relatively flat through 1991 and 1992, the trend estimate of employed females rose steadily from 3,232,100 in January 1993 to 3,592,900 in December 1995. The trend estimate has since continued to rise, but more slowly, reaching 3,780,700 in June 1999.

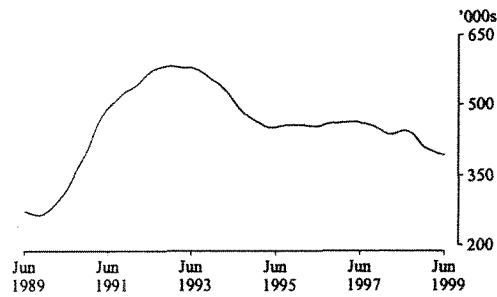


Persons The trend estimate of employed persons rose strongly from 7,615,400 in January 1993, until mid 1995. Growth in the trend estimate was then relatively slow until mid 1997. The trend has since risen steadily, reaching 8,742,300 in June 1999.

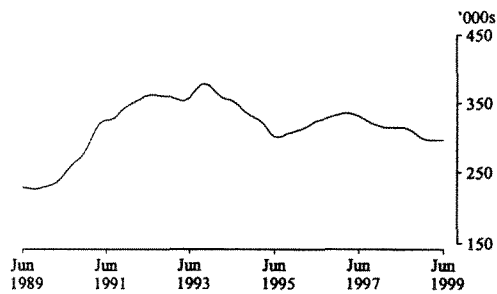


**UNEMPLOYED PERSONS:
TREND SERIES**

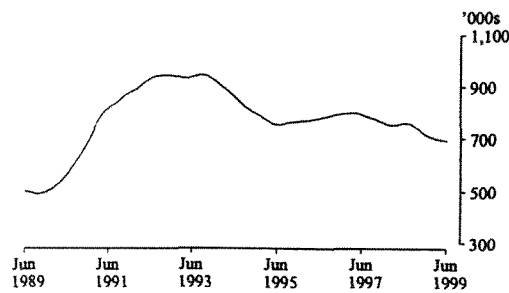
Males From an October 1989 low of 264,600, the trend estimate of unemployed males rose strongly to 584,000 in December 1992. The trend subsequently fell to 449,200 in May 1995, and remained around that level for the next two years. The trend estimate has generally been declining since, to stand at 395,000 in June 1999.



Females The trend estimate of unemployed females rose from 226,800 in October 1989, to 379,000 in October 1993. The trend then declined sharply to 300,900 in July 1995, before rising to 335,700 in March 1997. Since then, the trend has generally been declining, and was 297,100 in June 1999.



Persons The trend estimate of unemployed persons increased rapidly from 491,500 in October 1989 to peak at 946,900 in September 1993. The trend estimate then fell sharply to 752,400 in June 1995, before rising slowly for almost two years, reaching 798,600 in March 1997. Since then, the trend has generally fallen, and was 692,100 in June 1999.



SUMMARY OF FINDINGS

OVERVIEW

In July 1997, the number of people aged 18–64 years who had held a job in the three years to 30 June 1997 was estimated at 9,339,200. Of these, 685,400 (7%) had been retrenched or made redundant on one or more occasions in that three year period.

In this publication, no distinction is made between the terms 'retrenched' and 'redundant'. In the following discussion, the term 'retrenched' is used to describe people who responded that they were either retrenched or made redundant. Where a person was retrenched from more than one job in the reference period, characteristics of the job from which retrenched were only collected for the respondent's most recent retrenchment.

Survey results reveal the following major differences between retrenched workers and the total employee population aged 18–64 years:

- 68% were male, compared to 56% of all employees in July 1997;¹
- higher proportions of retrenched workers were found in the 18–24 years and 55–64 years age groups, and a lower proportion in the 35–44 years age group;
- 56% of retrenched workers did not have post-school qualifications, compared to 50% of all employees in May 1997;² and
- 38% had spent less than one year in the job from which they were most recently retrenched, compared to 21% of all employees who had held their job for less than one year in February 1997.³

In relation to the job from which persons were retrenched:

- 71% of jobs affected were permanent, and 84% were full-time;
- the industries where the greatest number of retrenchments occurred were the Manufacturing, Retail trade and Construction industries; and
- the majority of retrenchments were in occupations with low and medium skill levels.

In July 1997, of the people who had been retrenched in the three years to 30 June 1997:

- 55% were employed again;
- 29% were unemployed; and
- 16% were not in the labour force.

1 Data for employees aged 18–64 years are from *Labour Force, Australia, July 1997* (Cat. no. 6203.0).

2 Educational attainment data were not collected for employees in July 1997. Data for employees aged 18–64 years are from *Transition from Education to Work, Australia, May 1997* (Cat. no. 6227.0).

3 Duration in job information was not collected for employees in July 1997. Data for employees aged 18–64 years are from *Labour Force Experience, Australia, February 1997* (Cat. no. 6206.0).