



South Australian Council of Social Service

**Submission to the House of Representatives Standing
Committee on Employment, Education and Workplace
Relations Inquiry into**

**Issues Specific to Workers over 45 Years of Age Seeking
Employment, or Establishing a Business Following
Unemployment.**

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The Social, Economic and Industrial Issues Specific to Unemployed Workers over 45 Years of Age Seeking Employment or Establishing a Business Following Unemployment

Unemployed people over 45 years are less successful in re-gaining employment. Their success in re-entering the paid workforce is only 75% of that of the 15-44 year old cohort.ⁱ The time they spend looking for work is significantly longer than younger age cohorts.ⁱⁱ Over 45s have suffered disproportionately in the re-structuring of the Australian economy with the downsizing in the manufacturing and financial sectors and in the State and Federal public service. At the same time they will be of increasing significance as the 45 year old plus age group becomes a greater proportion of the Australian labour force in the next few years.ⁱⁱⁱ

The statistical aggregation alone is not particularly useful in suggesting a policy response. Below are described some of the defining characteristics and experiences of sub-sets within the unemployed over 45 year old age group.

Defining Characteristics

1. Many of this group have had significant, long standing and life-defining experience of full-time permanent employment. They are likely to have substantial attachment to the labour force which predicts, at least in the early stages of their unemployment, both a significant effort to find a new job and a high level of stress at not being able to find work.^{iv}
2. The increase in female workforce participation rates since the 1970s has arisen in part from the numbers of women returning to the workforce after raising a family. Women in this category are likely to have out of date or non-existent qualifications and experience and limited employment networks.
3. The changing nature of industry, commerce and government has meant that many of the skills and qualifications acquired by older workers prior to unemployment are no longer in demand.
4. Older people face the situation of unemployment with a wide variety of social and economic circumstances. Some will be relatively well established in terms of their home and other material goods, relatively asset rich, debt free and without family to support. Some will be in receipt of substantial employment separation payments and some will have superannuation funds that they are not able to access. Some will have sought early retirement in response to a changed and challenging work environment.^v The trend to late marriage and commencement of childbearing has meant that others will be heavily committed to family and debt in the anticipation of being at the peak of their earning power. The decline in the longevity of marriages will mean that many will be seeking to re-establish themselves after a separation that has left women and some men with financial and child care responsibilities.

5. The period from 40 to 55 years of age is acknowledged as a time of personal change and re-evaluation. The breaking of the attachment to paid employment at this time may cause this age group to be more than usually vulnerable to the physical health and emotional stresses caused by involuntary unemployment that have been identified in all age groups.
6. A significant perception of older people in our community is that they are inflexible and un-original, lacking energy and reluctant to learn new skills. This view may be shared by some employers and even the older persons themselves and may limit the entry of over 45s into employment for which they may be otherwise suitable.
7. Workers who have had an expectation of long term full-time paid employment may have trouble in accepting the greatly changed nature of the labour market and workplace. Along with the disappearance of some jobs and the re-emergence of others many of the emerging jobs are part-time, casual, short term and out of what was regarded as normal hours.
8. Unemployed people of all ages report difficulties with accessing services and advice from Centrelink and the Job Network and feelings of anger and frustration.^{vi} One can postulate that the financial and personal circumstances of older unemployed people are likely to be more complex with the life-long accrual of assets, investments and family obligations and connections. The increased complexity of their issues is likely to highlight even further the shortcomings of the current system and the delays and frustrations will add another layer to their disadvantage.
9. Unemployment has not effected all regions and communities equally or all types and level of employees equally. Effective policy should recognise need to cater for the diversity of circumstances arising for individuals and their communities in different localities.
10. There has been a reduction in opportunities for self-funded re-education caused by the increased application of the user-pays principle in the funding of tertiary education and in the vocational education sector.

Employment Generation

The generation of new jobs across the age and geographic spectrum by various government policy decisions will influence employment opportunities for over 45s. However, the optimum policies to achieve new jobs are part of a debate which is beyond the scope of this submission.

Active Employment Programs

Fairer distribution of the jobs that are available can be achieved by a range of active employment programs and other policies targeted to the characteristics and circumstances of specific groups of older unemployed people. They will have the following features.

Necessary Features of Policies and Programs

1. *Early intervention.* Older unemployed people have a reduced chance of getting back into the workforce quickly and easily so early intervention is needed. The notion of an 'at risk' group has been used to develop a policy of early intervention with other groups. Active and personal intervention at an early stage of an older person's experience of unemployment will engage them at a time when confidence is still relatively high and attitudes and adjustment to the changed circumstances are still being established.
2. *A holistic approach.* Programs and policies should have a holistic approach with the express outcome of achieving an adjustment of financial, personal and social circumstances integrated with appropriate employment outcomes.
3. *Specialist staff.* Early assistance will address a range of issues related to changed circumstances including re-structuring of personal finances, information on the nature of the new job market, re-skilling and re-training options, investment and small business options as well as the usual jobsearch and self-marketing activities. The mix of issues will vary with each individual and specialist presenters/counsellors will be required.
4. *Re-training.* Many of the qualifications acquired prior to unemployment will be irrelevant or de-valued by the passing of time and the change of technologies. Comprehensive re-training is an expensive option and needs to be approached carefully. It needs to be well targeted to the individual and tied strongly to the job market.^{vii} Many of the industry-linked small courses have in the past produced excellent outcomes for specific groups of older workers at a modest cost. The motivation of the individual unemployed person to re-train and their capacity to re-enter the learning environment needs to be considered.
5. *Recognition of prior learning.* Assessment of competencies in a workplace environment by a workplace assessor is a lower cost and lower stress alternative that may take the unemployed person a long way towards a current relevant labour market qualification with little or no formal re-training.
6. *Work experience* for this age group offers some unique opportunities and challenges. Current sponsors of Work for the Dole projects suggest that compulsion will be counter-productive for the older age group. They suggest that it would further damage the fragile self-esteem of some older unemployed people and place many in situations that they would find socially and emotionally hard to manage. The intention to inculcate the 'work-ethic' would be inappropriate and insulting to many with very substantial experience in the workforce. A re-titled, well managed and targeted work-experience program would build confidence in the older unemployed person and assist employers to recognise both the virtues of specific unemployed people and of older workers in general.

7. *Self employment.* As a route to self-employment, the New Enterprise Incentive Scheme is a proven and effective program and should be retained. Early intervention can also provide the opportunity to advise older unemployed people wanting to use their separation payment to enter a small business thereby increasing the success rate of those businesses.
8. *Incentives for employers.* Rewards for employers taking on older long-term unemployed people such as tax exemptions or direct payments should be well targeted and appropriate in scale and duration. Making the employment of a number of older long-term unemployed people by a company a condition of being awarded major government contracts may be another option.
9. *Regional employment and development initiatives* should be funded to enable local and specific responses to particular needs and circumstances.

Specific Recommendations

1. The establishment of a program to make available advice, referral and ongoing support for over 45s soon after they enter unemployment. This should be based on a holistic approach integrating employment, financial and social issues, and should be voluntary. None of these are features of the current Intensive Assistance model.
2. The separate funding of training workshops, small groups and individual counselling activities on issues arising from becoming unemployed at an older age such as the changing nature of the employment market, personal financial adjustments, self employment and investment opportunities. There should be the opportunity for issues for women returning to the workforce to receive specific and separate treatment.
3. The establishment of a separate, voluntary and appropriately marketed work experience program tailored to the needs of older unemployed people and their prospective employers.
4. The separate funding of a range of workplace assessment, re-training and re-skilling options in conjunction with the work experience program described above.
5. The introduction of standards and auditing procedures as a part of the Job Network to ensure that older workers are not 'parked' or that contractors are not reinforcing negative age stereotypes in their dealings with older unemployed people or employers.
6. The design and dissemination of publicity designed to dispel negative stereotypes about older workers that may be held by employers and to stress the demonstrated advantages of older workers such as reliability and low staff turnover.

7. The introduction of a range of incentives to employers to employ older unemployed people such as direct payments, tax concessions and tendering advantages for government contracts.
8. The creation of a venture capital scheme, which, through linkages with regional development organisations and local councils can bring together the expertise, markets and seed capital to address needs and opportunities specific to regions.
9. A further investigation into the changing concept of 'retirement' and into flexible ways in which income support and superannuation entitlements can be structured to optimise the benefits and opportunities to older people who are adjusting to life and employment changes.
10. Improvements to Centrelink services such as shortening peak waiting times for the Call Centres and increasing the numbers and level of training of Centrelink staff.

ⁱ Australian Bureau of Statistics (1993). *Successful and Unsuccessful Jobsearch Experience*. (Catalogue No 6245.0). Canberra AGPS.

ⁱⁱ Australian Bureau of Statistics (1997). *Australians' Employment and Unemployment Patterns 1994-1996*. (Catalogue No. 6286.0). Canberra AGPS.

ⁱⁱⁱ Department of Employment, Education and Training - Economic and Policy Analysis Division (1995). *Australia's Workforce 2005: Jobs in the Future*. Canberra AGPS

^{iv} Weiner K. and Oei T., (1995) The Role of General Self-Efficacy in Job Seeking Behaviour in the Unemployed, in Hicks R., Creed P., Patton W., & Tomlinson J. (eds.) *Unemployment - Developments and Transitions*. Brisbane . Australian Academic Press.

^v Encel s. and Studenki H., (1995). *Job Search Experiences of Older Workers*. Sydney. NSW Consultative Committee on Ageing

^{vi} South Australian Unemployed Groups in Action (1998). *Report on the Unemployment Hotline Survey*. Unpublished.

^{vii} Martin, J.P., (1998) What Works Among Active Labour Market Policies: Evidence from OECD Countries' Experience. In *Unemployment and the Australian Labour Market*. Sydney. Reserve Bank of Australia.