

Ms Valerie Williams,
14 Elizabeth Street, Norwood South Australia, 5067
valtyswill@msn.com.au Ph. 08 83629167

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The Secretary
House of Representatives Standing Committee
on Employment, Education and Workplace Relations
Suite R1 116, Parliament House
Canberra ACT 2600

April 27 1999

Dear Sir/Madam,

**RE: ISSUES SPECIFIC TO WORKERS OVER 45 YEARS OF AGE SEEKING
EMPLOYMENT, OR ESTABLISHING A BUSINESS, FOLLOWING UNEMPLOYMENT**

I would like to add my views to the above enquiry. The perspective I bring is that of an individual concerned about these issues particularly from a social viewpoint. From 1994 - 1996, I worked for the Volunteer Centre of SA establishing a project funded by Office for the Ageing (SA) called Volunteering is For All (VIFA) - Seniors. The project was focused on attracting older people (loosely defined as those aged 50 years and over) to volunteering, especially those who had not previously volunteered. Another important strand to the project was encouraging organisations to offer meaningful opportunities to older people who wished to volunteer. During the course of my work within this project, I worked closely with many people who had either accepted early retirement or been forced into redundancy and not been able to re-enter the workforce. I worked especially with men of a traditional blue-collar background, many of whom had worked in labouring or related unskilled roles. The research that I undertook is documented in my book "Volunteering by People Aged 50 and over", published by the Volunteer Centre in 1995. Ms Paula van Gelder who continued with the Volunteer Centre of SA in the role I had established when I left in 1996, is currently completing her thesis with the University of SA titled "Volunteering in later life - A Study of Older Adults as Volunteers in a School".

The first point I would like to ask the enquiry to consider is to not overlook the mutual value that volunteer roles can provide for people aged over 45. Volunteer work can assist in keeping people in touch with the workforce, keeping skills up-to-date and teaching new skills and can assist in maintaining self esteem and social roles while seeking employment. A note of caution, however, needs to be sounded. Volunteering has three basic principles: it is work done for no financial reward, of benefit to the community and undertaken by free choice. It is an option that should be available for people to choose but not one into which they should be coerced by any means e.g. work for the dole etc type schemes do not work in the volunteer environment.

The second point is that organisations that involve volunteers need to be encouraged to involve all volunteers in meaningful roles (particularly those who are older and with

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considerable work and life experience behind them) - not everyone wants to wheel the tea trolley, some may prefer to sit on the voluntary management committee.

The third point is that during the course of my work with prospective volunteers I became even more strongly aware that when someone wants paid work, volunteer work will not suffice, except perhaps as a means to an end. I encountered so many people who had worked since they left school (often at 15) and now in their late 40s through to early 60s were for the first time experiencing rejection after rejection in trying to re-enter the workforce. Examples include the manager of a small industrial firm retrenched at 62 - at the few interviews he had secured, interviewers took one look at his grey hair and appearance and assumed he was retired. He volunteered while premature retirement ate away at his superannuation. The bank manager redundant at 47 applying for a 10 hour a week book-keeping job at a small community centre. It was obvious from his application that he had not previously had experience at applying for jobs. The self-employed architect at 43 finding work very hard to come by who took 6 months to obtain another far from satisfactory job. The experienced manager in the IT industry who took a package at 42 and now after 2 years of rejections has opted to go back to study and is completing his Masters degree. The labourer left unemployed at 58 when his employers retired - in four years of unemployment, the then Commonwealth Employment Service located him one half-day of work. The finance manager left unemployed at 44 with minimal payout who now four years later is working as a book-keeper with a small family firm and has given up hope of every getting near his previous success. There were so many stories, of rejection, of marital break-up, of eroding superannuation leading to serious concerns about life after 65 etc.

During this project, I attended a seminar conducted by the then Dept of Social Security. It was one of those compulsory you-must-attend-or-else-you-lose-your-benefit type seminars. I sensed the anger in that room, anger at the expectations of these people, many with English as a second language, others with no formal or trade skills, most over 45 who had been out of work at least 6 months and in many cases much longer. They were angry about the expectation that they could succeed in setting up their own business. These weren't people with big payouts, or investments to fall back on, or even savings. In terms of the statistics, I am not sure how many of the unemployed in this older age group come from the lower socio-demographic levels but I would not be surprised if this mirrors the proportion in the under 25s who are similarly disadvantaged. I am also aware of the high failure rate of various business creation schemes aimed at younger people.

I draw the enquiry's attention to the following extract from the new book by Mr Robert Kiyosaki called "Cashflow Quadrant" (Techpress, 1998)

In my opinion being an S [self-employed person] can be the most rewarding and also the most risky... The failure rates are high. And if you make it, being successful can be worse than failing. That is because if you are successful as an "S" you will work harder... and you will work harder for a long time. For as long as you are successful.

The reason “S’s” work the hardest is because they typically are the “chief cook and bottle-washer”. They have to do or be responsible for all the jobs that in a bigger company are done by many managers and employees. An “S” just starting out often answers the phone, pays the bills, makes sales calls, tries to advertise on a small budget, handles customers, hires employees, fires employees, fills in when employees do not show up, talks to the tax man, fights of the government inspectors and so on.

Personally I cringe whenever I hear someone say they’re going to start their own business...I have seen so many “E’s” [employees] take their life savings or borrow money from friends and family to start their own business. After three or so years of struggle and hard work, the business folds, and instead of life savings, they have debt to pay off.

Nationally [USA] nine out of 10 of these types of businesses fail in five years. Of the one that is remaining, nine out of 10 of them fail in the next five years. In other words, 99 out of 100 small businesses ultimately disappear within 10 years.

I think the reason most fail in the first five years is due to the lack of experience and the lack of capital. The reason the one survivor often fails in the second five years is not due to lack of capital but lack of energy. The hours of long, hard work finally get to the person...(pp 54-55)

A long quote, I realise, but feel that it has a number of valid points that must be considered if encouraging people over 45 to establish their own business as an alternative to being unemployed. If you’re 45 and over and have taken a package, your own business often sounds like a good prospect. But if you have a package you have probably come from a larger organisation, or even from within government. What experience have you had at being “chief cook and bottle washer”? Where is the capital that you need, the business experience, the networks, the advice from others experienced at running small business? And what if you do not succeed? Have you lost capital, or equity in your home? What is your capacity to repay this at, say, 50 years of age? If you haven’t taken a package and have been out of work for a while, what financial resources do you have? Who will lend to you to establish your own business? Have you sufficient self-esteem and confidence? If you’ve always been the employee, how do you successfully make the transition to employer? Have you the energy to work the long hours it takes?

If encouraging people over 45 to establish their own businesses, government needs to consider these questions. Look at the success/failure rate of schemes which attracted younger people to set up their own businesses. How many were still running successfully at 5 or 10 years? Remember that theoretically younger people have many more years earning capacity to remedy early failures. Who will provide advice to older people establishing businesses? Will it be experienced and successful small business people, or public servants? How much support will the finance sector give? How much and for how long will there be funding support? And how will the consequences of business failure be addressed? I believe the enquiry should look into these points. A few people may make a real success of their own business and for them, I think every possible support should be provided. Ultimately, however, the marketplace and their business acumen will decide if their business will survive or thrive. Like volunteering, setting up

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your own business is an option, but only for some people. I would suggest that even less in the case of the latter.

In terms of those aged 45 and over seeking employment, the issues are societal. Just as those under 25 experience discrimination at entering the workplace, so do those over 45 at re-entering it. It is a disappointing reflection on employers that at a time when young people are maturing earlier (as in the under 25s) and living longer with a better standard of health, the few years in which they are viewed as attractive employment prospects continues to narrow. This in no way reflects the skills, experience or contribution that either end of the age spectrum is able to make. I don't believe there are easy answers to this. Many organisations providing advocacy and support for the "aged" now broaden their charter to include the over 50s. While positive in many ways at creating more "youthful" roles for older people, it tends to lump aged care in with people who could potentially be in the workforce for 20 years of this so-called period of being aged i.e. from 50 - 70 (at least). It doesn't matter how much is expended in Job-search type schemes for older people, if employers want employees aged between 25 and 45 that is who they will recruit. Measures such as youth apprenticeship incentives may well be needed for those over 45. Certainly organisations like Don't Overlook Mature Expertise (DOME) which exists in SA should receive funding to continue the work they do in Job-search and self-esteem maintenance. I would suspect that staff training within the new organisations which replaced the CES, like Employment National, should address the inherent ageism that older people have reported.

I trust that the above points are useful or at the least thought-provoking to the enquiry. If you would like to discuss them with me further, I can be contacted as in the above contact details. Alternatively, please contact me at my workplace, SA Divisions of General Practice, where I am the Executive Officer (ph. 08 8239 2433, fax 08 8239 2466 or email vwilliams@health.on.net).

Yours sincerely,

Valerie Williams.