

25th April 1999

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

Dear Sir,

Subject: **INQUIRY INTO SOCIAL, ECONOMIC AND INDUSTRIAL  
ISSUES SPECIFIC TO WORKERS OVER 45 YEARS OF  
AGE SEEKING EMPLOYMENT, OR ESTABLISHING A  
BUSINESS FOLLOWING UNEMPLOYMENT**

Thank you for your letter of 25th March inviting DOME to prepare a submission to the House of Representatives Standing Committee on Employment, Education and Workplace Relations on the above subject.

I would like to commence our submission with a brief outline of DOME. DOME (an acronym for Don't Overlook Mature Expertise) was formed in 1981 by a group of people who felt discriminated against, because of their age, in their search for employment. DOME operates as an employment agency facilitating the return to employment of people over the age of 40. Since its inception, DOME has grown from an initial membership base of 207 (in 1981/82) to over 2,400 members in 1997/98. Our current membership base comprises just over 2,600 people. As a measure of our success DOME has assisted over 10,000 members into employment since 1982. DOME is a not-for-profit organisation subject to annual state government funding employing 3 full-time and 2 part-time staff. In addition about 50 volunteers offer their services each week to carry out most of the operational activities. DOME is a pro-active employment agency with 2 full-time Employment Development Officers 'out on the road' generating job opportunities for the members.

I believe it important to preface this submission with a qualification or profile of a (typical) mature unemployed person in order that we better understand the background and make-up of people over the age of 45 who find themselves unemployed. A typical mature unemployed subject could be:

- \* an unemployed person (or couple) with children who are also unemployed,
- \* a long term unemployed person experiencing difficulty getting acknowledgment for their value,
- \* a woman who has lived in a stable relationship (for say 25 years) now finding herself divorced and unemployed, without contemporary work skills and having to compete for jobs with 18-24 year-olds (who have qualifications),
- \* a person married for 25 years, suddenly losing their partner and having to face the rest of their life alone,
- \* a carer (whose subject of caring dies and) not having contemporary work experience, who now finds themselves alone,

- \* a couple who 'discover' that their superannuation 'nest egg' is not sufficient to sustain them in retirement,
- \* a person with a fear of the future (with little or no job prospects)
- \* a person having to accept part-time or casual work in lieu of full-time work,
- \* a person embarrassed at their own unemployment, avoiding contact with former work-mates or friends and seeking comfort with other unemployed people,
- \* a couple whose lifestyle is shattered (through retrenchment) but who feel they do not have sufficient time to rebuild for a future,
- \* a couple whose way of life changes, who lose self dignity and find it demeaning having to accept welfare,
- \* a person applying for in excess of 300 jobs without getting an interview and becoming paranoid that they are being discriminated against because of their age,

The point we make here is that it is erroneous to stereotype all mature unemployed people as competent individuals who just need some assistance to change jobs. Many mature people who now find themselves unemployed, may have not been in the workforce for 25 years while others who had worked for one employer all their life were *shattered* when retrenched and have to deal with issues such as shame, embarrassment and humility when confronting family, friends and welfare services. We stress this point because it means there has to be a range of services provided to mature unemployed people to assist them return to the workforce.

In preparing this submission, considerable consultation was undertaken with our members to determine issues that affected them in their endeavours to return to the workforce. Their concerns tended to fall within one of four main headings;

- \* alienation
- \* government relations (contact with Centrelink)
- \* social or personal issues
- \* workplace discrimination

### **Alienation**

- \* A high proportion of members felt they had been specifically targeted for retrenchment because of their age. Many felt that they had been coerced into accepting redundancy packages through a fear campaign inferring that future (redundancy) packages would be less favourable than those on offer at the present time. Employers made it clear that they were 'downsizing' in the name of economic efficiency and were looking at restructuring with a younger workforce. For most members there was no counselling on 'life after redundancy' nor any structured programs to assist them to identify acquired skills with a view to utilising them in a career change.

We appreciate that targeted retrenchments were not exclusively directed towards people aged over 45 but were more heavily focussed on middle aged (35+) and mature aged people. However we will argue elsewhere in this submission that retrenchment for people aged 45+ has been particularly difficult.

- \* There is also a firm view that neither the government nor the community appear to be aware of the extent of mature unemployment as a major issue. ABS figures show that:
  - \* those aged 45+ make up 21.8% of all unemployed people,
  - \* those aged 40+ make up 32.3% of all unemployed people,
  - \* those aged 35+ make up 42.5% of all unemployed people,

And yet there is an overwhelming focus solely on youth unemployment.

## Government Attitudes and Centrelink Contact

\* Members have expressed considerable resentment at the continued government focus on support for youth unemployment. This is not to say that members do not agree that youth unemployment should be a major government focus, but rather they express a plea that all community sectors suffering the effects of unemployment should receive due recognition. From the ABS figures quoted above it is clear that middle age and mature people constitute the bulk of all unemployed people (42.5%) notwithstanding the government's almost obsession with support programs and initiatives for the youth segment.

\* There does not appear to be any recognition by Centrelink that mature unemployed people have specific problems or issues impinging on their desire to return to useful employment. For Centrelink's part, if *customers* do have problems, they are referred to a Job Network provider who has to deal with it. Job Network providers tend to be output driven, focussing major attention on the easiest employment outcomes (ie, putting young people into jobs). Very few Job Network providers seem to be putting the time and effort into understanding the problems and issues facing mature unemployed people. We are aware that one large Job Network provider in Adelaide (which had concentrated on youth unemployed) has now had to take on specialist staff specifically to try to "move" mature unemployed people off their books.

There is also concern that Job Network providers have no responsibility for actually looking for jobs for particular *customers*. Flex I, II and III services seem to be geared towards developing job search skills for unemployed people, but not specifically finding a job for them. Many disappointments expressed by mature unemployed people in relation to their dealings with Centrelink and/or Job Network providers emanate from an assumption by older people that their Job Network providers primary responsibility is to help find them a job. In an ideal world a Job Network provider would take (potential) employment details from a *customer* and then use their business or industry contacts to identify a particular job for that *customer*. The reality of what happens is that Job Network providers take any job given to them and then try to *job match* from people registered with them. Such a system will always favour low skilled younger members of society who are seen by employers as "more suitable". From DOME's experience we have found that it is necessary to **market** the **benefits** of mature workers to employers before they will consider taking on mature unemployed people. Quite clearly the current system of Job Network providers 'sitting back' and waiting for jobs to come in overtly discriminates against mature unemployed people and explains their very poor uptake record of actually placing mature unemployed people into jobs. (This statement is based on comments made by members who continually express frustration at never hearing from their Job Network providers, and interviews with members who subsequently got jobs and advised us they received no help or assistance from employment agencies in getting that job).

\* As argued within this submission, mature unemployed people do have specific problems which require a degree of intervention. Many of these 'problems' can be deduced from the profile of mature unemployed people given at the start of this submission. There is a case to suggest that mature unemployed people (ie those over 45) should go straight to flex II assistance which operates on the basis of a Job Search Skills Plan, providing:

- \* more extensive job search skills
- \* job application skills
- \* interviewing techniques
- \* motivation
- \* strategic planning (for job search)
- \* developing employer networks

Indeed in the Coalition's *Pathways to Real Jobs* published in 1995 a recommendation read, "the coalition will ensure that people aged 45 years and over have immediate eligibility for labour market programs and case management when they register with the CES". (We assume this means the current flex III assistance). We would welcome this Committee recommending to the government the introduction of such an arrangement (albeit 4 years after they first mooted it).

DOMÉ would also like to see Job Network providers demonstrating more accountability in actual job creation for mature people rather than just offering job search skills.

- \* A number of mature unemployed people have expressed concern that their rights and obligations under New Start have not been clearly set out for them. For example when moving onto flex III assistance most are unaware that they can negotiate for their case manager to (also) meet certain performance criteria. There is limited knowledge on how a flex III recipient can change case managers and limited information on the merits of various Job Network providers. There is also a lack of awareness of what happens to mature unemployed people who have been on a flex III arrangement for 12 months. Is the flex III arrangement extended for a further 12 months or do they revert to a flex I customer? If they have not been able to secure employment with the 'full' effects of flex III services, how are they going to benefit by reverting to flex I? And if (according to ABS figures) mature unemployed people can expect (on average) to be unemployed for about 79 weeks, what is the nature of ongoing flex I, flex II or flex III support and services? Why are these issues not discussed with unemployed people at the time of initial registration?
- \* Of ongoing concern is access to traineeships which tend to be restricted to young unemployed people. There is little acknowledgment that a mature unemployed person could benefit from a traineeship in attempting to move to an alternative vocation. Many mature unemployed people could bring valuable workplace skills to a new employer under a traineeship and this factor should be reflected in rates of pay set for such a position. There would be a case to argue a higher traineeship 'wage' for mature unemployed people who would bring to a traineeship, workplace experience (albeit possibly from a different industry).
- \* Many DOMÉ members have taken separation packages which will leave them disadvantaged in their retirement. It is not an uncommon scenario for a member to have left his (former) employer at age 40 or 45 and (to now) find they are only entitled to 30 to 40% of their exit salary as a superannuation benefit. In gross amounts this may equate to little more than the current New Start allowance, hardly a nest-egg with which to enjoy a comfortable retirement. There is need for the government to acknowledge this factor as an issue particular to many middle age and mature age people who were retrenched from the workforce in the cause of economic reform.
- \* Asset limits are also issues causing great concern for many mature unemployed people. Significant liquid assets are generated either through retrenchment payouts or superannuation lump sum payouts. Most people (on receiving a retrenchment payout) have elected to utilise that "wind-fall" to pay off the home mortgage, pay off the car loan and reduce credit cards. Very few have substantial residual funds with which to generate a life-long income stream. That leaves their second significant pay out - superannuation. We have mentioned above that for many mature unemployed people who were retrenched, they were not afforded sufficient time with which to build their superannuation into a form that would sustain them into retirement. For a lot of people they will be entitled to a lump-sum payout close to or just above Centrelink's asset cut-off mark. The present asset cut-off mark of \$178,500 (for a couple) is far too low for people to be able to generate a livable income from. Based on Centrelink's current deeming rate of (approximately) 4%, a lump sum of \$178,500 will generate \$7,140 a year, hardly a livable

income for a couple. Perhaps a more equitable scenario would be to link the Centrelink asset cut-off mark to the minimum wage. On that basis a minimum wage of \$375 per week would equate to \$19,500 per year. At 4% one would need \$487,500 to generate \$19,500 a year, so therefore the Centrelink asset cut-off mark should be \$487,500 (for a couple).

- \* I would also like to talk on the role of NGO's in the area of employment services, particularly as it applies to mature people. Because NGO's (in this context, those offering employment services) are publicly funded, they are not driven by "employment outcomes" or profit motives in determining an appropriate support service to assist an unemployed person back into the workplace. It is our experience that NGO's have more empathy with the social implications that affect mature unemployed people and are more inclined to take the time to understand the respective problems of all clients and to "invest" in time to try to effect an employment outcome that meets the clients needs. We at DOME are staffed by mature workers (and mature volunteers) who have had personal experience at the discrimination and frustration experienced by mature people in their search for work. Over a period of time we have developed strategies that work in favour of mature unemployed people and have an enviable success rate in job matching. We would advocate an increased role for NGO's in working with mature unemployed people commensurate with a more secure funding arrangement. We also believe we can provide a more cost effective service. Given our total operational budget and our success rate, we are returning mature unemployed people back into the workforce at a cost, of about \$300 per "outcome". Bearing in mind that most of our members are an equivalent flex III candidate, this compares favourably with Job Network providers who get paid up to \$4,500 per flex III "outcome".

### **Social and Personal Issues**

- \* Concern has been expressed at the apparent lack of acknowledgment that a problem even exists for mature unemployed people. ABS statistics show that mature unemployed people can expect (on average) to be without work for about 79 weeks. Does the Committee regard the current unemployment benefit to be a sufficient 'wage' for people to survive 79 weeks on? It is our understanding that some 20 or 30 years ago when average unemployment periods were in the order of 4-6 weeks that a modest benefit was sufficient to cover emergencies while people effectively changed jobs. The notion of the unemployment benefit being a modest payment has continued to this day, but the period for which people now find themselves unemployed has exploded to the point that mature unemployed people can expect to be without a job for about 79 weeks!
- \* Health issues are of concern for mature unemployed people. A significant proportion have acknowledged increased stress levels leading to; depression, high blood pressure, coronary concerns, family breakdowns, low self esteem etc. Most mature unemployed people have had to resign their private health insurance and are troubled at being a "burden" on the public health system. Mature unemployed people tend to see a deterioration in their health commensurate with the length of time they are unemployed. This can be particularly difficult for blue collar workers (who are) given an opportunity to return to work, (which may be) subject to a medical examination. Many have advised us that their (extended) period of unemployment has been a contributing factor to their failing medical examinations.
- \* Many mature age people were in stable employment until their positions were lost through retrenchments. As such they had no need to continually assess themselves nor to focus on career changes. People within this grouping have been particularly devastated by the economic efficiency process which has seen them loose their job and now they have to "sell" themselves to a potential new employer. These people lack the skills to be able to "re-position" their working careers and are left alienated when working through the Centrelink bureaucracy which does not seem to acknowledge that people of different age

groupings have different problems when dealing with unemployment. Mature age people without good job seeking skills can quickly become disillusioned at the high rejection rate associated with job applications and need intensive motivation to maintain their enthusiasm.

- \* Significant numbers of mature unemployed people still have responsibilities with respect to children attending (high) school or university. In most cases children are still living at home and parents have to support their children in addition to surviving on an unemployment benefit. In those cases where children have completed their education, mature age parents (who themselves are on unemployment benefits) have to encourage their children to remain positive in their search for employment (while they themselves see little prospect of ever returning to the workforce).
- \* A growing trend with mature unemployed people sees them shunting between part-time and casual jobs. While most are grateful to at least get some work, the fact that they are doing part-time or casual work means that they have no income stability with which to be able to negotiate bank loans or other financial borrowings. Without a secure income they can not plan for the future nor make any commitments which have a financial element (planning holidays, or home extensions or buying cars, furniture etc). As a consequence, people so affected have a reduced capacity to purchase consumerables thereby reducing demand for goods and services. This scenario also tends to reinforce a perception (among mature unemployed people) that they have no worthwhile future to look forward to.
- \* Many mature unemployed people (particularly those on benefits for more than 6 months) slip into a pattern of having to exist from one benefit payment to the next. There is no opportunity for them to save (as an assurance against property or personal maintenance) but rather, they find increasingly that they have to negotiate term payments for every significant cost or liability (eg utility payments, car repairs etc). Such a process becomes marginally better than begging and in addition to being very demeaning does nothing to maintain morale. Again there does not appear to be any recognition from Centrelink that a problem even exists even though it was highlighted as far back as 1990. A key objective from the *Reforming Income Support for the Unemployed* (Brian Howe) paper was to, "develop a more active approach to getting older job seekers, especially the long term unemployed back into the workforce, while at the same time providing more adequate, equitable and realistic income support for those with few employment prospects". Given that the problem still exists in 1999 will this Committee be recommending a **more realistic income support mechanism for those with few employment prospects?** An earlier House of Representatives Committee Report, *Getting to Work* cautioned that the government, "should not set up a situation where it becomes advantageous for people to remain on unemployment benefits". We support that general thrust. However we also accept the reality that there are just not sufficient jobs to go around and that it is totally reprehensible to expect that mature unemployed people (who want to work) be penalised by having to survive for upwards of 100 weeks on an "income" half that of the minimum wage.
- \* The duration of unemployment is an issue that particularly affects mature unemployed people. An often quoted ABS statistic suggests that people over the age of 45 are, on average, out of work for 79 weeks. The Australian Bulletin of Labour (March 1999) reports that (in 1998) men aged 35-54 can expect to be without work for 93 weeks and men and women over the age of 55 had an average unemployment duration of 2 years or more. They go on to say, "we find that average unemployment duration for older workers is long, we also show that the likelihood of unemployment is, in fact, very high, with the data indicating that in 1998, nearly a quarter of a million (236,200) mature age Australians were involuntarily jobless".

## Workplace Discrimination

\* Members have expressed considerable concern at employment discrimination based on age. Their continued frustration is exacerbated by the knowledge that the discrimination is in such a form that is difficult to prove. Members have spoken of favourable telephone discussions with (prospective) employers turning sour the moment they walk through a door at the interview. They are continuously told "*other candidates better meet the position requirements*" when they know their application (and their experience) would enable them to undertake the task. A corresponding form of discrimination is being told *you're over-qualified for this job*. Such workplace discrimination is not new. In the 1988 House of Representatives publication *Getting to Work*, recommendation 68 advocated, "*a community education campaign which challenges the assumptions held about ... middle-age workers should be developed through the CES*". To be effective now though, one suspects that such a campaign would need to be developed and implemented with the fervour of an anti-smoking, skin-cancer or seat-belt wearing campaign.

\* Of particular concern is the stereotyping of mature unemployed people who are regarded by:

- \* employers as too old to work,
- \* job agencies who dismiss them with a typical comment - *you'll never work again*
- \* Job Network brokers who see flex III 'clients' as *easy money*
- \* Centrelink who treat all unemployed the same

This stereotyping induces certain images or perceptions of mature people. Mature people are seen as 'old fashioned', difficult to adapt to change, impossible to re-train, lacking physical strength and subject to on-going medical conditions. They are not valued for their experience or wisdom nor is acknowledgment made of medical advances that have seen people develop the capacity to be work place contributors into their 60's and 70's. Canberra based economist Dr Raja Junankar perpetuated the myth recently, saying, "*.. most of them, they might as well forget it. They won't find a job again. If you are 45 and unemployed, the likelihood of finding work again is pretty small*".

\* We believe there is sufficient merit for the (Federal) government to undertake an advertising or marketing campaign to promote the benefits to employers of either retaining their mature workers or recruiting from the ranks of the mature unemployed. Sufficient studies have been undertaken which clearly indicate the shift in employment trends from skilled blue-collar jobs to highly educated white-collar jobs; the net result of which is a loss to business and industry of those important (hands-on) motor skills. Current attitudes which make it fashionable to "downsize" the work force by retrenching anyone over the age of 40 will ultimately work against the nation's capacity to maintain a highly skilled blue-collar workforce. (As mentioned previously) we know from our own activities that it is necessary to "sell" the benefits of mature workers to an employer before they will consider taking on a mature worker in preference to a younger worker. DOME's work, that of other employment agencies and the lot of mature unemployed people could be facilitated with the support of the federal government in this area. As Peter Kenyon (University of Melbourne's Institute of Applied Economic & Social Research) said, "*... unless there is positive intervention ... they (the over 45's) will be at the end of the job queues even when the jobs are created*".

\* DOME would also like to see a more focused approach to assisting mature unemployed people become "job-ready". While not an advocate of *training for the sake of training* we are conscious of the fact that the work place is an ever changing environment

through the demise of traditional vocations and the emergence of new ones. We would like to see more work done on the identification of future jobs and the training requirements to equip (particularly mature) people to change vocations to move into them. We would also like to see research, identifying support roles that mature workers could play in emerging industries or business streams. For example if we accept that IT is the domain of young highly qualified graduates, perhaps there are "back-room" support services that would ideally lend themselves to mature workers. In this context there may be opportunities to use the traineeship program to assist mature unemployed people back into the workforce.

- \* Any return to paid work is made that much harder by the lack of jobs on offer. It was not uncommon 10 years ago to apply for a vacancy and be one of a dozen applicants. Now it is the norm for between 200 and 300 people to apply for most general type vacancies. Mature age people coming from a white collar background (and having a preference to return to that type of work) are particularly disadvantaged by the sheer numbers of applicants for positions. In South Australia alone there are about 70,000 unemployed people of which 29,500 are aged 40 and over. From DOME's membership base we know that 70%\* of our members are from a white collar background and are desirous of returning there. Extrapolating that percentage to all unemployed people (in SA) would give a potential figure of 20,650 mature unemployed people in this state seeking white collar type work. A typical Saturday Adelaide *Advertiser* lists about 1,000 vacancies and from our knowledge of recruitment trends we know that about 80% of vacancies are filled by people changing jobs. That means that of 1,000 advertised vacancies, about 200 will be taken up by people moving off unemployment. Putting that in the perspective of mature unemployed people, you have potentially 20,650 mature unemployed white collar applicants chasing 200 net job vacancies each week!! Is it any wonder that companies are getting up to 300 applicants per advertised position! The good news for job seekers is that whereas in 1995 there were 13.4 unemployed people per vacancy, by 1998 there were only 10.0 unemployed people per vacancy (Australian Bulletin of Labour, March 1999).

(\*This statistic is consistent with ABS figures which show that 65.7% of all jobs are white collar type jobs)

Although it is not the domain of DOME to assist mature people into **self employment** a number of our members have expressed concerns at factors that have made them reject this as an option:

- \* For those acquiring a retrenchment pay out, they are conscious that it may be their one-and-only chance in life to gain a substantial financial payout,
- \* (given the above) they would not 'invest' in any business venture unless receiving assurances that their investment could be safe guarded,
- \* A major impediment to investing in a business venture is *what do they do if their business fails and their funds are lost*. Of concern to mature people is the prospect that they might loose their home if a business venture fails,
- \* Unlike youth, mature people do not have time on their side to refocus a business decision that might turn sour,

## **Recommendations**

Based on consultations with our members, DOME would like to see:



- \* the government taking the initiative and sponsoring a marketing program aimed at educating employers on the benefits of retaining and taking-on mature aged people,
- \* a focussed training program with an objective of making mature unemployed people 'job-ready' for:
  - \* available jobs,
  - \* support jobs in emerging industries,
  - \* vocations identified as leading to jobs of the future,
- \* mentor training programs where mature unemployed people could be utilised in an industry training role to:
  - \* pass their knowledge to youth
  - \* retain important 'motor' skills in the work place
- \* Centrelink re-introduce the *earnings credit scheme* to provide a real incentive for mature unemployed people to pursue part-time work,
- \* Centrelink treat mature unemployed people with due recognition to the special problems they face in trying to return to the work force,
- \* better access to traineeships, particularly for those people for whom a traineeship would allow them to acquire new skills and change vocations,
- \* mature unemployed people (ie those over 45) should move straight to a flex II or flex III program in recognition of their special problems,
- \* make it mandatory for Job Network providers to negotiate performance benchmarks that they have to meet (when negotiating activity agreements),
- \* ensure greater transparency with regard to the rights, obligations and entitlements of unemployed people,
- \* remove superannuation assets from the means test to decide the eligibility for unemployment assistance for mature age people,
- \* increase Centrelink's asset mark and align it to a calculable % of the minimum wage,

As a final summation to this submission I would (again) like to quote from the March 1999 Australian Bulletin of Labour publication:

**"The compelling conclusion is that mature age workers are clearly a disadvantaged group in the Australian labour market. In turn, they deserve far more attention than they have received in the past from the press, politicians and researches alike".**

The Committee of DOME would welcome an opportunity of discussing these and other issues with members of the Standing Committee.

Yours sincerely,

(Mrs) Jan Steinert,  
Chief Executive Officer  
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prepared using Word Perfect 6.0a  
saved as Microsoft Word D.O.M.E.-HOR1.doc