

Name (and)  
Address supplied  
South Australia

20th April 1999

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

**Re: Issues specific to workers over 45 years of age seeking employment, or establishing a business, following unemployment.**

Dear Sir/Madam,

I commend the Standing Committee for focussing attention on the issue of mature people trying to re-enter the work-force and am pleased to be given the opportunity of contributing to your inquiry.

I have structured my submission as a chronicle of personal incidents from when I was made redundant to the present time, and while the experiences I recount may be particular to me, I am left in no doubt, (through conversations with others) that they are systematic of what is happening to many mature unemployed people.

#### **1 My background:**

1.1 I had been a state public servant for 29 years working mainly in office administration. During that time I had progressed to 'middle management' status working within a high profile department (and) having considerable autonomy and responsibility for specific projects. I am now (just) over 50 and have been unemployed for four years, although only registered as such with Centrelink for two years.

#### **2 Redundancy:**

2.1 My redundancy from government was the result of a departmental reorganisation initiated with a motive to cut staff numbers. The heaviest cuts were made from people aged 40 and over with particular emphasis on those close to 50. All redundancies were 'voluntary' although considerable coercion was levelled at those deemed '*not to fit the new corporate structure*'. The methodology used was to promote a favourable set of separation package incentives which would only be on offer for a fixed time. As the due date drew near, various announcements were made to the effect that the next round of separation incentives would be less favourable than those currently on offer, and as people were already earmarked as *surplus to requirements* and were going to have to leave anyway, they should snap up the best deal they could get for themselves (and leave sooner rather than later). The situation got so farcical that a colleague of mine (who originally didn't want to leave) was told not to bother to come to work any more, "*just stay home and work in the garden and we'll put your pay in your bank account each week until you decide to leave*", he was told. His resistance was gradually eroded and he finally left. In my case, I found myself ostracised from fellow workers and removed from mainstream departmental activities as my resolve was being tested. Eventually I too accepted the inevitable and signed up for a separation package.

2.2 For my part, the prospect of paying off the house mortgage and setting up a private consultancy proved attractive, particularly when told that my previous work commitment amounted to nothing and that eventually (if I chose to stay in government) I would be assigned to a job in another department whether I liked it or not. If I made one mistake at that time, it was not securing a private sector job before leaving government. At the time of my departure, workplace retrenchments were in their infancy and the prospects of securing alternative employment were probably better (than they are now). I was also naively led to believe that business consultancy work was in abundance and that "*I would have to turn work away*". The reality was that business consultancy was difficult to secure and although I picked up small contracts, all the time I was eating away at the balance of my separation package.

2.3 Shortly afterwards my wife found herself in a similar situation to mine (also losing her job to a departmental reorganisation) and we were both over 45 and unemployed. Resisting the temptation to

go on benefits we bought into a small retail business which she operated for 15 months with me helping out occasionally while actively looking for (paid) work. That venture suffered through a general down turn in retail business in Adelaide and we were forced to leave the shop. With all of our separation funds now exhausted we were left with no alternative other than to both seek Centrelink unemployment benefits. During this period we had the added commitment of supporting our son through his final two years at university and whilst he was getting Austudy that did not meet all of his living expenses.

2.4 If I have regrets over my redundancy they are:

- \* there was no counselling on the way people may have to adjust their mode of living by taking redundancy payments. Financial counselling was given but it was in the form of investment advisers trying to steer your money into a fund of their choosing. The only "career" assistance given to me was a photostat copy of employment agencies taken from the yellow-pages with the comment, "*send your CV to a few of these and we are sure you'll pick something up quickly*".
- \* I now know that I should have **obtained** a private sector job **before** agreeing to take a separation package. If I had experienced the resistance that I now find, I may never have agreed to leave, but contented myself with a lower paid (less interesting) job in another department. At least I may still have a job.

### 3 Centrelink registration:

3.1 As a (by then) former public sector worker, the bureaucracy of signing up with Social Security (now Centrelink) did not bother me and I supported their investigation to ensure that only bone fide unemployed people received a benefit payment. What I did find frustrating was their initial ridged requirement of having to apply for a minimum of 8 jobs each fortnight. There seemed to be no sense of reality in the 'ebb and flow' of suitable positions with such a rule. During many fortnight periods I applied for many more than the required 8 jobs, but on occasions, during periods when suitable jobs were not being advertised, I found myself applying for jobs I either knew I would never get, or jobs I didn't want to do anyway, just to meet Centrelink's quota.

3.2 My period of registration with Centrelink included the commencement of Job Network, an experience I have found to be singularly unspectacular. I had already signed up with eight employment agencies before the introduction of Job Network (and had not heard back from any of them). At the start of Job Network we (the unemployed) were told to re-affirm or dealings with five agencies which had been granted Job Network contracts. I chose five (agencies), made appointments and visited each of them to fill out application forms and leave CV details. Without exception each agency said to me, "*don't bother contacting us again, if we get a job that fits your capabilities we will contact you*". When I suggested that I would like to ring regularly to see what jobs they had that were current I was told, "*... we've already got too many people on our books and don't have the staff to be able to attend to those types of calls*". Needless to say, I never got a call. I still have problems trying to work out what Job Network contractors are there for.

3.3 After I had been registered with Centrelink for a year I was advised that I would be assigned a case manager for special assistance. At last I thought, someone is going to work with me to help find me a job. What a cruel sick joke case management (or flex III assistance) has turned out to be. It is now nearly twelve months since I have been 'case managed' and in that time my case manager has sent me one photo copy of an advertisement that appeared in the local press with a note saying, "*this looks like an ideal job for you, why don't you apply for it*". The job turned out to be a casual interviewer for (the) ABS, and yes I did apply for it. The application was in the form of a mini-commonwealth recruitment test. It turned out I was one of 750 applicants for 5 casual positions!!! So much for intensive case management assistance. I shudder to think of what happens to people who are not fortunate enough to qualify for **intensive** assistance!! I contacted my case manager a number of times just after registration asking why they were not referring me to jobs, to be told repeatedly, "*we don't have anything suitable for you*". At a subsequent interview I said I was prepared to "down grade" and take anything they thought I could do, but I still never heard from them. The only assistance I did get was a couple of petrol vouchers to meet some of the costs involved in attending country interviews for jobs I had applied for. The only guidance given to me by my case management company was that if I wanted a job I should "cold call" all firms within a designated region or industry sector. The impression I am left with is that my case management company does not see it as their responsibility to actively assist me to find employment. They will offer limited support to initiatives I take in looking for a job, but they will not utilise their resources to find a job for me.

3.4 I had signed up with Centrelink before the introduction of Job Network. At the commencement of

Job Network I was then assigned as a flex I subject and instructed to register with 5 Job Network contractors. This I did. At the time I was not aware of what services a flex I provider was supposed to offer and naively believed they were going to help me find a job. As stated above, not once has a Job Network contractor contacted me with a job offer. It was not until researching for this submission was I able to obtain a copy of the Centrelink guidelines specifying the types of services that are to be provided under flex I, flex II and flex III. And even then my case management company (claimed they) had to get permission from Centrelink to do so. I still don't understand the secrecy surrounding it. My background of being a middle-management public servant gave me the confidence to pursue this matter until I got what I considered was a satisfactory response. But what about mature unemployed people who have lived a life intimidated by government and bureaucracy, how can they ever hope to get a full and frank account of their rights and entitlements? Given that mature unemployed people are thrust into the employment market with little or no preparedness in terms of 'selling' themselves, perhaps there is merit in immediately facilitating them into a flex II program upon registration. I am advised that Centrelink has (since the 1st May 1998) clarified some of its operational regulations with Job Network providers in relation to service delivery, but the effects of these changes have not been fully disseminated to the unemployed. Of interest to me has been the activity agreement that I signed with my case manager. At the time of signing that agreement it was never explained to me that I could insist on the case management company also meeting certain performance benchmarks. My activity agreement is a one-way-street, I do the work, they sit back and maximise the flex III payment. It is only now that I research for this submission that I discover that I had "rights" that I could have exercised. I am disappointed that Centrelink and Job Network providers have chosen to operate on the basis of - *let the customer discover his own entitlements otherwise he will cause too much trouble!* I repeat my previous statement: many mature unemployed people have lived a life intimidated by government and bureaucracy, and would not have the courage to question their rights and entitlements from either Centrelink or their Job Network provider. I believe there to be a strong case for both Centrelink and Job Network providers to be brutally honest in explaining rights and entitlements to all unemployed people, but especially those mature unemployed people with little confidence in dealing with bureaucracy.

3.5 With both my wife and I now on unemployment benefits we have found there are disincentives to couples looking for part-time work. (Not that we have been offered part-time work, but we did investigate the cost effectiveness of pursuing it). To put it in round figures, two unemployment benefit payments come to about \$600 a fortnight. One partner undertaking part-time work may earn \$650 a fortnight. For every dollar earned in excess of \$60, a couple's unemployment benefit is reduced by 70c in the dollar, until effectively it is all used up. Then, by the time you take tax from the \$650 part-time earnings, you are actually worse off than if you just relied upon the unemployment benefit. Which begs the question, where is the incentive for couples to even look for part-time work? I understand there used to be an earnings credit scheme in operation some years ago which provided a fiscal incentive for people to actually get out there and chase part time work. Perhaps it needs to be brought back into operation for long term unemployed people.

3.6 As I have now been registered with Centrelink for getting on for two years I am now obliged to (only) lodge my *Application for payment of Newstart Allowance* form every 3 months. I find this further evidence that Centrelink has given-up on me and resigned themselves to the fact that I will never work again. It seems to be a case of *out of sight out of mind*. As I am over 50 I have (also) been advised by Centrelink that I can now chose to do voluntary work in lieu of looking for a job. Is this further evidence that Centrelink have assumed that because of my age I will never work again?

3.7 Centrelink's recent policy change to allow unemployed people to 'register' with more than five Job Network providers may effectively exacerbate the frustration of having agencies work in the interests of mature unemployed people. If agency's present policy is *don't call us, we'll call you* because they already have too many people on there books, how can that situation improve by advocating an *open slather* policy of allowing all unemployed people to register with as many Job Network agencies as they can. Notwithstanding that, I have signed up with additional Job Network contractors. Over a four year period I have sent copies of my CV to 48 different employment agencies and not once have I had a subsequent follow up, despite each of them saying, "*we will retain your resume on file and will be in contact with you if any suitable position becomes available*".

3.8 Whilst it is not an issue specific to mature unemployed people I have noticed increased difficulties in trying to make contact with Centrelink. To phone Centrelink, one is regularly put on hold for between 10 and 25 minutes and the operators must be under instructions to *get rid of callers as quickly as possible* because the officers are no longer willing to properly discuss issues with we who are now supposed to be *their customers*. When requested to attend meetings at the local Centrelink office,

appointments are made 6 to 8 weeks in advance. This appears to be a reflection of how far behind Centrelink are in their work rate.

#### 4 Applying for jobs:

4.1 When I first started applying for jobs I was fairly confident that my extensive work history with a proven track record of achievement would appeal to many employers. I was interested in what I call middle management or project management positions either in the private sector or with community service agencies and applied accordingly. I was encouraged with a couple of early interviews but found myself missing out to people with "*contemporary business skills*". I didn't know then that this would be a popular euphemism for "*you're too old*". Realising that I was having problems competing with *contemporary* applicants for middle management positions, I started applying for more basic jobs, records clerks, file clerks, correspondence clerks etc. It was then I came up against the *catch 22* scenario. I was now **over qualified**. One agency I contacted about an office clerical position said to me, "*..., I know you could do this job with 'one arm tied behind your back', but I can't put your name forward because you would know more about the job than the company manager does*". It is bad enough to miss out on jobs because you're not good enough, but to then miss out on jobs because you're too good is particularly galling. So where does this leave me? For base grade jobs I'm over qualified, but for (slightly) more senior positions I don't have contemporary work experience. Quite clearly age is the key factor here. I am overqualified because I am a mature person with much work place experience. I don't have contemporary work experience because I am a mature person who has been unemployed for too long.

4.2 The only area in which I was finding some encouragement was in relation to country or regional jobs. I have been fortunate in securing a number of good interviews for rural positions and feel that if I am to gain employment it will be there. Which of course raises the issue of relocation. At my time of life do I really want to be bothered with the hassle of relocation? What about contact with family and friends? What do I do with my house? How secure is my new tenure of employment? Are these the issues that people late in their working life should be grappling with? It seems to me that if I want employment I have to come to terms with these types of issues. I can't get a job in the city because I'm either over qualified or lacking contemporary work experience but I can generate interest with rural employers (possibly because there are not as many applicants for each job, or the quality of applicant is lesser). I see this as a critical issue for mature unemployed people who still have the desire to return to employment but may have to relocate to achieve their ambition. And what of people who (for personal reasons) can't relocate; are they condemned to ongoing unemployment because they choose to stay in the city? I must also mention the cost of pursuing rural employment. My case management company have given me petrol vouchers to offset some of the cost of attending country interviews but their subsidy does not cover all costs involved. I still have to have the car serviced before taking it to the country and if the interview is too far away, also have to meet an overnight accommodation charge. When I ask for additional (financial) assistance I am told, "*that's what your unemployment benefit is supposed to cover*". (Silly me, I thought it was supposed to cover food and lodgings!)

4.3 During my period of unemployment I have applied for 405 positions and secured 15 interviews. I have not once made it to the second round, (the short list) or selection list for appointment. The clear impression I get when I seek feed back is that I have been used to make up the numbers but other candidates, *better qualified, more contemporary or more closely matching the position requirements* were appointed. Which makes one ask the question, if my qualifications, work experiences and suitability to the position were disclosed in my letter of application, why was I invited to the interview in the first place? Without wishing to be paranoid, the only changed factor coming through at the interview is the reality (for the interviewer) that I am over 50, and I see this as a significant factor in my not gaining employment. It is subtle discrimination of the type that could never be proved but only ever be inferred.

4.4 In the mean time, I along with 250,000 other Australian over 40's, dutifully apply for my quota of jobs every week to satisfy Centrelink's unemployment benefit requirements and then sit back and wait for the postman to deliver the reject letters. I am fortunate that with the types of jobs I apply for I generate a high incidence of response letters (about 70% of my job applications generate a reject letter) although some times it is better not to be told that you have missed out. Until the letter actually comes, you still hopefully believe "*you're still in with a chance*". I have had an occasion where I applied for a job on a Monday and received the reject letter in Wednesday's post; and they had the nerve to say my application had received much consideration! I also found great difficulty getting quality feedback on the standard of my applications. A typical response (reject) letter from an employer says, "*we were overwhelmed with applications*" or, "*the number of responses received exceeded all expectations, with the quality of applications being extremely high*". Many reject letters referred to 200

or 300 applications being received for vacancies. When contacting an employer to gather feedback, one is typically told, "*we can't help you, we received so many applications we can't remember specific applicants*". With 70,000 people unemployed in South Australia alone, what do local employers expect; if they advertise a vacancy they will get 3 or 4 applicants? I note from a recent ABS study that nearly 90% of unemployed people "*did not receive a single job offer last year*" and that 32% of job seekers had been out of work for 52 weeks or more. In addition 20% of job seekers had been out of work for two years or more. Why can't the government acknowledge that there are just **not enough jobs** in the economy for all those who want to work. My understanding of the current situation is that there are about 12,000 unemployed for every 1,000 jobs. The head of a local chamber of commerce says, "*we just haven't got enough jobs*" and the local (SA) Employment Minister responds with, " ... *I urge job seekers to look at education and training*", talk about putting your head in the sand!! What's the point of being educated and trained for jobs that don't exist. Why don't Employment Ministers live in the real world?

4.5 In my various discussions with employment agencies I have tried to quantify the incidence of people just changing jobs compared with actual unemployed people taking up jobs. While no actual statistics are available, the consensus given to me by those in the (employment) industry is that 80% of all advertised jobs are filled by people (already in employment) just changing jobs. Hence the adage, *its easier to get a job if you've already got a job*. Now if mature age people are already being discriminated against because of their age, how much harder must it be for them to (also) have to compete for jobs against people just wanting to change jobs.

4.6 For my own part I have chosen to do voluntary work **in addition** to continuing to actively seek employment. I was finding myself slipping into "hermit" mode sitting at home just applying for jobs, but not having the "legitimacy" to go out and converse with people. One comes to terms very quickly with who your real friends are when you are unemployed. I have observed that since leaving government not one of my former colleagues has been motivated to contact me to inquire after my well being. In return I have made no attempt to contact any of them. Instead I have elected to broaden my network of acquaintances by undertaking regular voluntary work for three community based agencies. I have found the attitudes of the agencies taking volunteers supportive but pragmatic. They are happy to utilise my skills while they can, but understand that my work with them ceases immediately I get a job. But I too have benefited from doing voluntary work. It has enabled me to maintain basic clerical skills, to be involved in meaningful work, to develop interpersonal skills and to retain a positive work ethic. However volunteering comes at a cost which must be found from within the minuscule unemployment benefit. There are costs associated with transport and appearance (new clothes, clean shirts, dry cleaning, petrol, regular hair cuts etc), and lunches etc, for which no additional allowance is available; and whilst these may appear trifling, for an unemployed person they are a greater cost per "income" than someone in regular employment.

4.7 With the utilisation of all my financial resources (separation package, savings, insurance policies etc) I now find myself locked into a scenario, the only outcome being, getting a job. Without any financial resources I am no longer in a position to contemplate self employment through the starting of a business venture. I have made preliminary enquiries with banks re finance, only to be shown the door very quickly when I announce that I am currently unemployed. I can not contemplate buying a franchise, a (modest) retail establishment or going into partnership with an existing business because I have no liquidity nor the means to acquire any. It has been suggested that I put my house up as collateral, but what happens if the business venture turns sour? Am I supposed to risk my house just to start a business venture to be taken off unemployment benefits? I think not!

## **5 Living on the dole:**

5.1 The immediate effect of registering with Centrelink is the loss of dignity. Being categorised as a *dole bludger* because I have no job nor regular income to survive. What I have found with people of my age group is that they **do** want to work, but there are either no jobs around or they can not gain employment due to their age. I have yet to meet a mature age unemployed person who is content just to collect a dole payment and spend all day at the beach.

5.2 Limited financial resources brings with it limited opportunities for socialising. Now it could be argued that if one is on unemployment benefits one should not be actively socialising, but it gets to the level that one can no longer afford to even maintain regular contact with family and friends. You can't attend special dinner functions because you can't afford to eat at restaurants, if you entertain at home the notion of BYO extends to food as well as drink and you have little to talk about other than all the jobs you have been applying for - and missing out on.

5.3 I have also found that my health has been affected through prolonged unemployment. I have already undergone major surgery and will be on medication for the rest of my life. My problems are stress related linked to not being able to secure employment. I feel within myself that if I secure (any form of) employment my general health outlook will improve immediately. However my health problems have come at a cost to the tax payer. One of the first things I had to do upon being made redundant was to drop private health insurance and as a result my (subsequent) surgery was performed as a public patient and my on-going medication is subsidised through my health-card. Both my surgery and on going medication would have been covered by private health insurance if I was working. Is it mere coincidence that the drop in (people having) private health insurance started at about the same time economic rationalists were advocating workplace downsizing? I think not. In South Australia alone, workplace "reform" has seen 35,000 people lose their jobs over the past 4-5 years and I suspect most of them immediately jettisoned their private health insurance.

If I may offer some advice to government re private health insurance; forget about offering rebates to entice people back into private health insurance; if people can be given meaningful sustained employment they will return to private health insurance in their droves.

5.4 I also find myself beset with ongoing financial concerns. The stress levels of just finding money to pay the utility accounts every quarter are never ending. No sooner is one utility account paid off in instalments than the next quarter's accounts are due and you have to repeat the process of pleading with people from the utilities to allow you to pay that account in instalments as well. Home maintenance tends to suffer because there are no spare funds for painting, parts replacements or general up-keep. Any major incidents (burst water pipes etc) mean getting the work done and then arranging instalments to pay off the account, and, when added to utility instalment arrangements, means less disposable money to pay for food and basic living costs. What I find is that the longer I am out of work the greater is my level of compounding debt. Even having to buy a printing cartridge for my printer (to enable me to prepare this submission) has set me back a further \$55 which comes at the expense of something else.

Compounding debt also occurs in the pursuit of jobs. When an opportunity to interview for a likely job comes along I have gone out to buy shoes and a new shirt (in order to create a favourable impression). The purchases are made on 'the plastic', on the basis that if I am successful I will be able to pay them off. But in reality what happens is that I miss out on the job, but still have the debt. The same thing happened with one of my country interviews. I needed new tyres for the car (so I could attend the interview) but had no money to buy them. The option was to turn down the interview or buy tyres on credit. I chose the latter. As it turned out I didn't get the job, but am now \$225 further in debt.

I have to be grateful that the state government offers pensioners (and the unemployed) a modest rebate on electricity bills and water and council rates but am disappointed that Centrelink will not extend a phone subsidy to unemployed people. There is an expectation that if you are unemployed you will have the phone on to make it easier for a prospective employer to call you in for casual or part-time work or to (attend) an interview. A number of employment agencies have expressed surprise that I don't have a fax on, or that I am not connected to the internet. I do try to explain that these are additional costs with a heavier impost on unemployed people. I have mentioned elsewhere in this submission, problems associated with trying to survive on an inadequate unemployment benefit and it would be of considerable assistance if Centrelink could meet (say) a quarter of the phone bill.

5.5 Although I had been a public servant for 29 years and a contributor to an attractive superannuation scheme I now find that facility having the potential to work against me. Because of the age I exited (government and my super scheme) my entitlement (at age 55) is limited to 39% of my final salary which at today's conversion, is just above the current unemployment benefit rate (for a couple). I will be arguing elsewhere in this submission that the unemployment benefit is an insufficient "wage" on which to survive, that being the case, it must follow then that there will be no material advantage to me to move off unemployment benefits onto superannuation; and yet at age 55 Centrelink will reduce my unemployment payments by a deeming rate, using an assumption that my superannuation is a liquid asset and capable of generating income. This then becomes the scenario for me (and my wife):

- \* if I take my super as a fortnightly "income" our (combined) unemployment benefits would be reduced significantly. On current calculations, my unemployment benefit would be negated and my wife's reduced by about a third. Thus our combined "incomes" would be about one third more than they are at present - but subject to taxation, giving us a net "income" of about the same as a joint unemployment benefit.
- \* if I don't take my super immediately as a fortnightly "income" at age 55, Centrelink will apply deeming rates to what my super has the potential to earn, thereby reducing my unemployment benefits by one third.
- \* if I chose to take my super as a lump sum (at age 55) and it is a lump sum in excess of

Centrelink's asset limit (ie, \$178,500) both my wife and I will be ineligible for unemployment benefits.

- \* on today's figures, my super would commute to a lump sum just in excess of Centrelink's asset limit (\$178,500) which means that I have to generate a return of about 9% on my money just to "earn" the equivalent of (our combined) unemployment benefits.

Whilst the above scenarios generalise my potential retirement dilemma it is clear that regardless of the option I choose, my wife and I will be limited to an annual "salary/income" of between \$15,000-17,000.

The point I make here is that many mature unemployed people (like myself) were "encouraged" to leave our places of employment before we had the opportunity of accumulating sufficient superannuation to properly set ourselves up for retirement. In my case, by leaving government at age 45 I am only able to access an ongoing super "income" equal to 39% of my final salary. The terms of my super fund are such that even if I gain future employment I can not "top-up" the super held in trust for me. I would have to open a second superannuation account and realistically could not expect to generate more than a further \$5,000 to \$6,000 in total.

## **6 Support for mature unemployed people:**

6.1 I believe my circumstances to be typical of many mature aged people who have borne the brunt of economic rationalism. We have been discarded from the workforce in the name of industrial reform with little regard to what happens to us. I would like to ask the question, "*if the economic rationalists were so cleaver in equating economic reform to work-force downsizing, where are their projections on how to deal with the social problems resulting from their outcomes?*" What sort of anticipation was there that people over the age of 35 would eventually make up 43% of all unemployed people? Those advocating economic rationalist theories are now conspicuous with their silence on the plight of mature unemployed people. I have a newspaper report quoting Professor Sol Encel (University of NSW) saying, "*by 2015 at least half of Australia's unemployed will be mature aged, a fact not yet reflected in government policy, institutional practice or people's attitudes*". Do we have to wait until that prediction becomes fact before the government will afford due regard to mature unemployed people? At a meeting with my case manager last week the officer admitted that, because they had concentrated on "moving" young unemployed people through their books, they were now finding their "numbers" clogged up with the older unemployed, to the extent that they have had to take on another service operator to specifically deal with problems associated with getting mature unemployed people off their books.

6.2 Hindsight is a wonderful thing. We now see that the promotion of redundancy packages was in reality a means of transferring a "problem" from state governments and industry to (the) federal government. State government's reduced public sector numbers and industry shed excess staff, but those (displaced workers) not able to return to the workforce are now "customers" of Centrelink and supported by federal funding.

6.3 Being a mature unemployed person I have been conscious of statistics relating to people in similar circumstances and from reports I have read and ABS figures I have obtained I have found that:

- \* 171,000 Australian workers over 45 are unemployed,
- \* people aged 35 and over (that is middle, mature and senior aged people) constitute 43% of all people who are classified as unemployed,
- \* mature age unemployment has risen disproportionately in the last decade, with the number of unemployed 45 to 64 year olds rising at more than twice the rate of unemployment in general,
- \* 82% of respondents aged 45 and over pointed to age as the biggest obstacle to their gaining employment (ABS figures),
- \* 45 to 54 year olds are unemployed for an average of 79 weeks (ABS figures),
- \* people aged 45-69 account for 62% of all discouraged job seekers (ABS figures),
- \* in 1973 there were less than 6,000 people who had been unemployed for a year or more. In February 1998 more than 250,00 Australians had been unemployed for a year or more, and more than 140,000 people had been out of work for more than two years (ABS figures),

6.4 I find it continuously frustrating to read media reports of traineeships that can not be filled by young unemployed people. Most traineeships are state or federal government sponsored with a few available through the private sector. I would like to see an end to age restrictions on traineeships so that mature unemployed people can have access to them. For many mature unemployed people, the prospect of a traineeship may allow them to change vocations.

6.5 The government is to be commended for their package of initiatives developed to tackle problems

associated with youth unemployment. However even a cursory glance at ABS unemployment statistics will show that unemployment is not dominated by the youth sector. Young people aged 15-19 make up 17% of all unemployed people. Those aged 40 and over make up 32% of all unemployed people. If you extend 'youth' to include 15-24 year olds, they represent 34% of all unemployed people, but if you combine mature age (40+) with middle age people (35+), they represent 42% of all unemployed people. The point I make here (while not wanting to reduce assistance to youth unemployment) is that the government, by not having a range of initiatives specific to older unemployed people, is actually discriminating against older unemployed people.

6.6 An issue I would like the Committee to examine, particularly in relation to mature unemployed people, is the justification of an artificially low unemployment benefit rate in comparison with the minimum (working) wage. I can understand that a modest unemployment benefit would have been set at a time when people were out of work for a relatively short period of time and (it) was intended to tide them over for a couple of weeks, until an alternative job came along. In fact Cheryl Kernot in her report (*The lost workforce*) states that, "In 1973 the average duration of unemployment was 10 weeks. In 1986 that had risen to around 49 weeks. In 1996 it was nearly a year". ABS figures show that 45 to 54 year olds are (now) unemployed for an average of 79 weeks and that 140,000 Australians have been out of work for more than two years. This is a much changed situation than providing some cash assistance to tide people over for a couple of weeks while they change jobs. If the learned judges in the Industrial Court have deemed that a worker can not be expected to live on a wage less than (about) \$373.40 per week (the current minimum wage) (or \$746.80 per fortnight) how can the Federal Government (through Centrelink) expect unemployed Australians to exist on \$291.80 a fortnight; particularly as we, mature age people are going to be unemployed for an average period of 79 weeks and more likely for upwards of three years (if we get a job at all). Are we expected to eat half the food of an employed worker, use half the utility costs of an employed worker and only have half the clothes of an employed worker, or is this proof that unemployed people are only regarded as having half the value or worth of an employed person? Perhaps we have carved out three distinct sectors in society. Federal backbench parliamentarians on (\$81,856 per annum or) \$1,575 per week, a minimum wage of \$373 per week and a benefit payment of \$145 per week. On that comparison a Federal parliamentarian is paid 10.8 times more than an unemployed person. Does that mean that a Federal parliamentarian is 10.8 times a more worthy person than an unemployed person?

6.7 I am aware that Centrelink can make emergency cash payments to unemployed people but (I also understand) that such payments are in the form of a loan which is recouped from subsequent dole payments. The case I am trying to argue with this paper is that if unemployed people are that short of cash (for what ever emergency) and have to "borrow" from Centrelink (because their unemployment benefits are insufficient) how are they ever supposed to repay the loan and maintain a lifestyle with some dignity?

6.8 I would also like to touch on financial survival issues relating to the impending GST. Again I believe my scenario to be typical of many mature unemployed people who own their own home and are struggling to retain their only real asset (their home). We are told that the GST will apply to all goods and services purchased, including utilities, food, clothing, and home maintenance services. (I am also going to assume that the government will not increase unemployment benefits by 10% to compensate for GST rises). I shall illustrate my concern with the following table using simplified figures:

	<b>Unemployed Couple</b>	
	Current	With
	budget	10% GST
utilities	5,000	5,500
debt reduction	3,000	3,000
asset management	2,000	2,200
<i>sub total</i>	<i>10,000</i>	<i>10,700</i>
food/clothing	5,000	3,905
GST on food/clothing		395
<b>Married dole payment</b>	<b>15,000</b>	<b>15,000</b>

(Notes: *utilities* includes, gas, water, electricity, council rates, phone, *debt reduction* includes loans, bank cards, store credits, lay buys etc, *asset management* includes emergency plumbing, white goods repairs, electrician, car service & repairs, *food/clothing* also includes, petrol, entertainment, gifts etc)

Whilst the above table is a simplified scenario it does expose a real concern for a mature



unemployed couple who, on an unemployed benefit payment of \$15,000 currently have effectively \$5,000 per year to spend on food and clothing, but with the introduction of a GST the food and clothing component of their budget will be reduced to about \$3,900. If any member of the Committee believe they (and their partner) can survive on about \$3,900 a year for food and clothing I would welcome a budget strategy from them.

6.9 Since being unemployed I have been conscious of gross inequality in society. We are all familiar with the saying, "*the rich get richer and the poor get poorer*", and whilst I would not want to limit the entrepreneurial nature of the private sector, I believe there are limits to how some sectors in society who are paid from the public purse seem to prosper at the expense of others who are also paid from public funds. I recall reading recently that Federal judges were awarded an **increase** of (I think it was about) \$17,000 per year. That's more than my wife and I are **paid** in combined unemployment benefits for a **whole** year!! And just recently Federal back-benchers have put in for a \$14,000 pay rise. The point I'm making here is that judges, parliamentarians, public servants and people on benefit are all paid from taxes through parliamentary appropriation. It only becomes a matter of degrees as to what each group then receives. The logic that seems to flow is that because there are fewer judges they get paid more. Then because there are fewer parliamentarians than public servants, the parliamentarians are paid more than the public servants. And because there are more people on benefits than there are public servants, the people on benefits are paid much less. What I would like to see is for all (salary) payments emanating from Federal appropriation to be co-related as a percentage of each other, perhaps using a parliamentary back bench salary as the measuring stick. If the government insists on class distinction, perhaps an unemployment benefit could be set at  $\chi$ th of a parliamentary back bench salary, then as a parliamentary back bench salary rises so too would unemployment benefits (by the same ratio). I'm sure that with 700,000 Australians on unemployment benefits, there would be much support for the notion.

6.10 I would also like to comment on the question of *leadership* and in particular the leadership shown by both state and federal governments in popularising the notion of economic efficiency through mass retrenchments of staff. Is it surprising that industry quickly chose to follow the example set by government and used wholesale retrenchment as a means to also achieve economic efficiency? In my own state (SA) we have seen the demise of about 35,000 public and private sector jobs over the past 4 years. That's 35,000 jobs @ about \$30,000 each taken out of the economy. That's \$10.5 million a year lost to retail, services and consumerism. And all this in the name of leadership. While particular companies (and governments) have claimed efficiencies through workplace downsizing over the past 4 years, imagine how more robust an economy (like SA) would have been with an additional \$42 million (4 x \$10.5m) being spent over that period? How many jobs could have been saved with that level of spending in the economy?

6.11 I think it opportune to end this submission with a reflection on past employment/unemployment enquiries. Through my limited research I am now conscious that many of the issues that I have raised in this submission are not unique and have not "developed" over the past couple of years. Many have in fact been raised in former submissions to Parliament - but nothing has ever been done to address them. Is this an indication of Parliament's dismissive nature of issues affecting mature unemployed people? I note, for example, that in the 1988 document *Getting to Work* (House of Representatives Standing Committee on Employment Education & Training), recommendation 68 stated, "... a community education campaign which challenges the assumptions held about ... middle age workers should be developed through the (then) CES", given that the stereotyping problem still exists why are CES's successors (Centrelink) not held accountable in relation to performance criteria. That same report acknowledged (even in 1988) that there were "450,000 more unemployed people in Australia than there were jobs". Again nothing has changed (except that now there are even more unemployed people than there are jobs for them).

The Coalition's 1995 document *Pathways to real Jobs* stated that "*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 (then) CES*". If this was Liberal Party doctrine **before** the Federal election, how come I had to wait until I was registered with Centrelink for 12 months before I was assigned a case manager?

A 1990 report *Reforming Income Support for the Unemployed* recommended, "*special additional support for the older unemployed (aged 55 and over) in recognition of the special difficulties they face getting into full-time work*". It talked of "*futile job search exercises*" for mature unemployed people chasing jobs that did not exist and "*employer prejudice against hiring older people*". It all has a familiar ring about it.

You will excuse me for being cynical but will this inquiry do more than just reinvent traditional stereotypes and prejudices and make further recommendations that will not be acted upon?

## 7 What could be done ...

7.1 Re-introduce the earnings credit scheme for mature unemployed people to give them a fiscal incentive to search for part-time work. (issue 3.5 in my submission),

7.2 Offer a financial relocation incentive for mature unemployed people so that they might consider country or rural jobs. (4.2),

7.3 Pay not-for-profit organisations a grant so they in turn can subsidise mature unemployed people undertaking voluntary work (4.6),

7.4 Relax the superannuation asset test in recognition of the fact that mature unemployed people (particularly those who have taken retrenchment packages) do not have sufficient funds for adequate retirement. (5.5),

7.5 Open government funded traineeships to mature unemployed people. (6.4),

7.6 Without diminishing services for youth unemployment, develop employment support services specific to the needs of mature unemployed people. (6.5),

7.7 Acknowledge the reality that mature unemployed people will (on average) be unemployed for 79 weeks and raise the unemployment benefit to better reflect the real cost of living (6.6),

7.8 Link the unemployment benefit to a percentage of a federal public sector wage (6.9),

7.9 Promote to industry the benefits of using mature expertise (6.11),

7.10 Display leadership to industry to stop the wanton retrenchment of workers (6.10),

7.11 Extend the pensioner phone subsidy to mature unemployed people (5.4),

7.12 Instruct Centrelink to put mature unemployed people straight to a flex II program (6.11),

7.13 Change the focus of Job Network contractors so that they have to actively seek out a suitable job for a particular (flex III) 'customer' (3.3),

7.14 Stipulate that both Centrelink and Job Network providers have to fully explain the rights and entitlements of flex customers (3.4)

7.15 Ensure that regulations covering activity agreements (for flex III customers) are re-written to empower unemployed people to be able to negotiate that their Job Network providers meet particular performance bench-marks (3.4)

In conclusion I would like to see **honesty in government** through:

- \* an acknowledgment that there are not enough jobs to go around,
- \* an acknowledgment that mature aged unemployed people will (on average) be without work for up to 79 weeks,
- \* an acknowledgment that the present unemployment benefit is a grossly inadequate allowance for a person to be expected to live on, for a period of up to 79 weeks,
- \* an acknowledgment that additional financial support must be given to long term mature unemployed people in order that they can survive with some dignity.