

# Community and Public Sector Union

Submission

Inquiry into Older Workers

September 1999

## **1 Introduction**

The Community and Public Sector Union (CPSU) represents employees in State and Commonwealth public sectors, and was formed in 1994 by the amalgamation of the Public Sector Union and the State Public Services Federation. At present, the CPSU has a group structure in which the PSU Group represents Commonwealth employees and the SPSF Group represents workers in the States. This submission is made on behalf of the PSU Group.

The Union is seriously concerned at the levels of unemployment for workers over 45 years of age and their limited re-employment opportunities.

Our submission investigates the reasons for this age groups limited opportunity for re-employment and the associated barriers.

## **2 Background**

It is predicted that 16 percent of the Australian population will be aged 65 and over by 2016 (Department of Health and Aged Care No. 3)

An increasing proportion of these people will be women. In 1996 there were 77 men for every 100 women in the 65+ age group and only 43 men in every 100 women in the 85+ age group (Healthy Aging Taskforce 1997, page 4) Australian males have a life expectancy of 75.2 years and females 81 years. These are among the highest life expectancies in the world (ABS December 1998a). Social and economic changes have affected certain population groups differently.

An aging society means that greater numbers of older people may want or even need to remain in the workforce for longer periods. Yet unemployment especially affects both older and younger people looking for work.

Contemporary unemployment occurs against a backdrop of radical change in the economy and in employment. On the one hand, casual and part-time work is increasing and on the other hand many workers are working longer hours. Women and younger people are concentrated in the casual and part-time work, usually with lower incomes and fewer work related benefits.

## **3 Older worker at work**

A common stereotype of older workers is that they are less productive in the workplace. Employers believe that an older worker may bring attributes such as maturity and experience in the job. But 'these attributes are offset by older workers perceived lack of enthusiasm and drive' and by the employers' belief that older workers are difficult to re-train'. (Senate Employment, Education and Training Reference Committee 1995, page 53).

Many employers consider that older workers have greater experience and maturity more developed work ethic; reliability and loyalty; and lower rates of turnover and absenteeism. (Pickersgill 1996, page 10)

But they also think that older workers have deteriorating physical and mental abilities, are not receptive to new technology; are more resistant to organisational change, lack appropriate skills and are difficult to retrain; lack drive, ambition, energy and creativity of their younger counterparts. (Pickersgill 1996, pages 45-48)

Most studies support the positive perceptions and challenge the negative ones. There are only 'small declines in reaction time and physical strength' and 'almost all research into the productivity of older workers has shown it to compare quite favorably with that of other workers from other age groups.... precisely because of their seniority and experience' (NSW Office of Aging 1991 quoted in Pickersgill 1996, pages 11-12).

Pickersgill in surveys undertaken by the Australian Centre for Industrial Relations Research and Training (ACCIFIT) of available literature from Australian and international sources, including the Australian Bureau of Statistics, Office of Aging and the World Health Organisation demonstrates that "re workplaces adopt a positive approach to integrating mature aged workers' skills and experiences those workplaces have become more productive. However research produced for the NSW office on Aging and by the University of Queensland shows many workplaces appear to be denying older workers the chance to learn and progress in their careers. These studies, show older workers often receive lower levels of training and retraining, and have lower promotion rates.

Almost two thirds of unemployed jobseekers over 55 report that the most difficult problem they face in finding work is being considered too old by employers (ABS July 1998). The same experience is also reported by more than one third of jobseekers age 45 to 54 years.

Some Older jobseekers are discouraged from looking for work because they believe employers will consider them too old. They do not even register as unemployed and so are not reflected in the official unemployment figures. Almost two thirds of discouraged jobseekers are 45 years old or more. (ABS September 1995)

Older women face particular barriers in the workforce. Women make up two-thirds of part-time workers and over half of all casual workers. Many women have been out of the workforce for extended periods of time usually in their childbearing years. This means that many women have broken career patterns and their limited job experience, despite their skills, can jeopardise their employment prospects. It also contributes to lower levels of income and superannuation for older women.

#### **4 Impact of Job Reductions In the Australian Public Service (APS)**

Reductions in staffing levels in the APS have resulted in 178000 staff in 30 June 1987 to 121 000 at 30 June 1998. (ANOA Audit report 49 page 17).

The Australian National Audit Office (ANAO) report found that there was no comprehensive data collected in the APS as a whole on the cost of staff reductions and the number of staff accepting redundancies.

The Report determines that 'the primary focus in a number of the reduction exercises has been on operating within assigned budgets by reducing the required number of staff quickly, but with less regard for transitional and/or longer-term operational needs of the agency'. . (ANOA Audit report 49 page 20).

The report found that there was little attention paid to the agencies ability to conduct business or consideration of the most cost effective way of combining staff retention, retraining, redeployment, retrenchment and recruitment decisions to achieve " desired skills profile.

The ANOA Report also found that there was little emphasis placed managing the corporate knowledge of the agency. In addition little attention was paid to the workforce skill profile and workplace diversity profile of the agencies including age.

The Public Service and Merit Protection Commission (PSMPC) has responsibility for managing the staff reduction process. However the report does not provide information on redeployment and only provides key staffing indicators for the last eighteen months. despite this information being available for a longer period. The length of time available is insufficient to determine trends in relation to APS staff movements. (ANOA Audit report 49 page 26).

Redeployment figures available were those achieved through the APS Labour Market Adjustment Program (APSLMAP) due to this information not being recorded Correctly in the Continuous Record of Personnel (CRP). The comprehensiveness of APSLMAP data relies upon agencies referring staff to the program. . (ANOA Audit report 49 page 34)

The ANAO found that while the proportion of staff aged over 40 years with 10 or more years experience has increased, with respect to retrenchments across the APS, proportionally more staff aged 50 years and over and more than 1 01years service were being retrenched. (ANOA Audit report 49 page 36)

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Retrenchments By Age Group for Males Year Ending 30 June 1989 - Year Ending 30 June 1998 Table 1a

[Not reproduced]

Retrenchments by Age Group Females Year Ending 30 June 1989 – Year Ending 30 June 1998 Table 1b

[Not reproduced]

Retrenchments Totals by Age Groups Year Ending 30 June 1989 - Year Ending 30 June 1998 Table 1c

[Not reproduced]

## **5 Tables**

Tables 1 a, b, c, show the number of Separations of Permanent Staff by age group and gender in the APS from year ending 30 June 1989 to year ending 30 June 1998.

Significant growth has occurred in the number of both males and females that have taken redundancy packages in the 45 - 54 age bracket, over the period of year ending 30 June 1996 to year ending 30 June 1998. Decreases in the number of females being made redundant are evident in the age group up to 45 in the year ending 30 June 1997 to year ending 30 June 1998. The number of males being made redundant in this age group increases slightly over the same period. However a total decrease is evident in the up to 45 years age group and the 55 and over groups in the period year ending 30 June 1997 to year ending 30 June 1998. (Figures PSMPC APS Statistical Bulletin 1997-98)

## **6 Industrial Issues in the APS**

The introduction of the Workplace Relations Act 1996 limited the matters that could be contained in awards. Previously the award covering redundancy entitlements for all APS workers allowed staff a period of retention if staff chose not to accept an offer of Voluntary Redundancy. This retention, period was 7 months for staff up to the age of 45 years and 13 months for those staff members 45 years and older. The retention time was used to seek, redeployment options within the APS and was particularly useful for those staff members 45 years and older.

As a consequence of the award stripping process the retention period has been removed from the award entitlement. It is left to the agency bargaining process to negotiate this entitlement back for staff employed in the APS. Where this has not been possible redundant staff members have a far reduced period to seek redeployment options.

## **7 Small Business Enterprises**

Many people who are in receipt of a voluntary redundancy package attempt to establish their own small business. Statistics show that large numbers of small businesses fail due to the lack of knowledge when entering the business. Schemes such as the New Enterprise Incentive Scheme (NEIS) have been established to assist job seekers that have an idea for a viable small business to establish their self-employment venture.

Unfortunately the client eligibility for such a scheme restricts those that can participate. Staff from the APS who have been made redundant are prohibited from participating in such a scheme until they are eligible for the Centrelink allowance or pension which includes a living allowance benefit.

This precludes staff in receipt of a redundancy payment gaining valuable advice before entering the small business, as they need the capitol from the redundancy to establish the business in the first instance.

## **8 Conclusions**

The APS should manage staff reductions paying particular attention to workforce demographics to

- highlight effects of staff reductions on age and length of service profile (with particular attention to those staff 45 and over) and EEO groups; and
- inform the development of appropriate strategies to assist the ongoing management of the agency's corporate knowledge as well as its workforce core skills, diversity profiles and succession planning.

Government Policy Parameters for APS bargaining should ensure that the redeployment and retention period in redundancy entitlements from the previous award (APS Government Employees Conditions Award 1995) are maintained in all agency agreements.

Employers should be encouraged to adopt more flexible approaches or seek other Mechanisms whereby older workers can manage their transition from full time employment to retirement in phases, which encourage new employment opportunities. Best practice can be found in *Managing an Aging Workforce* produced by the European Foundation for the Improvement of Living and Working Conditions. (Attached to the ACTUs submission)

Eligibility criteria for NEIS and other training and development schemes should be reviewed for workers over 45 in receipt of redundancy payments to allow access to the schemes immediately upon retrenchment.

Consideration should be given to greater levels of financial incentives to encourage employers to hire older workers.

Public education campaign should be conducted to alert employers of the benefits of employing workers over 45, noting the ACCIRT survey experience that where workplaces adopt a positive approach to integrating mature aged workers' skills and experiences those workplaces have become more productive.

## **9 References**

ABS September 1995: Australian Bureau of Statistic, *Persons Not in the Labour Force*, AGPS, Australia, September 1995, Catalogue No. 62220.0

ABS September 1998a: Australian Bureau of Statistic *Deaths Australia 1997*, AGPS Australia, December 1998, Catalogue No. 3302.0

ANAO Australian National Audit Office Audit Report No.49 1998-99, *Staff Reductions in the Australian Public Service*

APS Statistical Bulletin 1997-97

Department of Health and Aged Care No. 3: *Older Australia at a Glance No. 3* 1998

Healthy Aging Taskforce 1997: Health Aging Taskforce - A Committee of the Health and Community Services Ministerial Council, *Draft National Aging Strategy*, AGPS, July 1997.

Pickergill 1996: Richard Pickersgill et al *Productivity of Mature and Older Workers. Employers' Attitudes and Experiences* pa. ACCiRT University of Sydney', 1996