

Issue Paper

ISSUE People Management

1. Issue Name

People Management

2. Contributors

Prepared by Manager Human Resources with contributions from Senior Consultant Employees Services and Senior Consultant Employee Relations.

3. Issue Definition and Scope

To inform Councillors and ELG of people management issues and strategies to consider in their development of future Redland Shire Council's overall mission, goals and priorities. This paper will also be used by ELG and the Manager Human Resources to develop programs, objectives and strategies around people management for the new Corporate Plan.

People Management was identified as a strategic priority for Redland Shire Council in the Corporate Plan 2002-2006.

4. Executive Summary

The decreased size of the workforce will result in a competition for human resources, and especially highly skilled human resources. A long term plan is required around attraction, retention and motivation of appropriately skilled employees. In 2003, Australia's total fertility rate was 1.75 babies per woman. Life expectancy for men is 78 years, and in 2042 it is projected to be around 83 years. Therefore, the population will get progressively older. It is projected that by 2042, the number of young (0 to 14 years) dependent people is projected to fall by about 5% but the proportion of the population aged over 65 years is expected to increase by more than 50% over the next two decades. This will present major financial and social challenges for Australia, and the Redlands is no exception.

Key Themes

Three key themes have been identified in the area of People Management that are submitted to Councillors to consider in the development of the Corporate Plan:

1. Generation Management
Effective management of generation diversity will offer Council an opportunity to harness the unique knowledge, skills and abilities of each generation. The challenge therefore, lies in recruiting and retaining people from all generations.
2. Skills Shortage
Given the continued growth of population and infrastructure in the Redland Shire, skill shortages will be an increased obstacle to meeting plans, especially in the areas of trades, engineering, and town planning.
3. Workplace Health and Safety (WH&S)
The Queensland State Government has released a long term strategy around WH&S with the aim of significantly decreasing workplace injuries and fatalities, which includes increased regulation and penalties for breaches of legislation.

Possible Solutions

1. Generation Management Current and Future Report to ensure the attraction and retention of all age groups as required to meet Council's objectives. This report will include data analysis, benchmarking and development of strategies.
2. HR Planning system, including long term workforce plan to identify future gaps, succession planning and key talent management.

3. Strategy to meet current and future skill gaps, including skill gap/training needs analysis, and subsequently identify initiatives to meet these gaps, eg training programs, graduates, apprentices, traineeships, para-planners, overseas recruitment.
4. A comprehensive WH&S, Rehabilitation and Workers Compensation long-term plan developed with commitment from Councillors, ELG, SMG, Service Managers and all Council employees in order to reduce the incidence of workplace injury by at least 40% by 30 June 2012 and 20% by 30 June 2007.

5. Regional Cooperation

Council recently contributed data to Brisbane City Council's Discussion Paper titled "The Ageing Workforce – Diminished Capability Project", which aimed to answer the question: "How does the capability of the ageing workforce impact upon employee entitlements and redundancy provisions of the Brisbane City Council". Council has received the final version of the discussion paper.

In June, the Manager Human Resources attended a meeting of the LGAQ Human Resources Consultative Group, which is held quarterly, where the result of research of the ageing workforce across various councils was presented. A number of issues and strategies were then discussed.

The Manager Human Resources has attended the first day of a 4 day lead practice series that is being conducted over 4 months, which includes representatives from Brisbane, Logan and Ballina councils, as well as various State Government departments. The series covers the following: Building the Business Case; Measuring Age Profile; Evaluating Age Profile; and Develop Age Management Plan.

In an effort to address skill shortages CEOs are now being shared on councils in Western Australia. LGAQ has implemented a state-wide graduate recruitment program. In other States these type of initiatives are happening at district or regional levels. A number of the State Associations have or are in the process of creating para-planning courses to address the skills shortage in that area. The development of virtual services is being pioneered by indigenous councils in the Northern Territory and Queensland, where professional staff are on the end of a modern hundreds of kilometres away. There is a fair degree of activity which seeks to address structural barriers, recruitment and retention process, skills development, online training, recognition of prior learning and better positioning of Local Government as a career or job choice.

6. Background/Discussion

References

Appendix 1 is a list of the references used in the development of this issues paper.

Expansion of Key Themes

1. Generation Management

Two major trends highlight the importance of the need for Council to change their current response to the labour environment. They are the declining fertility rate and increasing life expectancy. The baby boom of 1946 to 1964 has resulted in unprecedented ageing of the workforce. This means that for every young person entering the workforce, there are seven people aged 45 years and over available. Labour supply in Australia beyond 2010 will be in increasingly short supply as the rate of labour force growth declines and the population ages and exits the workforce. Based on these predictions, it follows that one of the greatest barriers to Council's drive for continued business performance will be an adequate supply of appropriately skilled labour.

Council Trends

Based on our current workforce demographics:

- 40% of our workplace will be aged 55 years or older (or retired) in 10 years time.
- 34% of employees leave within 2 years of commencing employment.
- 30% of employees have under 2 years tenure versus 29% with 2 to 7 years tenure.

- 33% of turnover is in the 26 to 35 years age group, although they comprise only 24% of the workforce.
- 8% of employees are aged under 24 years but 13% of turnover is in the under 25 years category.
- Women compose 54% of the workforce but represent only 28% of combined ELG, SMG, Federal Award levels 7 and 8.

Appendix 2 shows detail of workforce demographics. Please note that these workforce demographics do not include casual and fixed term employees.

The Redland Shire demographics show that there is an expectation of strong growth in the 50 years plus age group over the 2001 to 2011 period, however a mild overall growth of the traditional labour force (19 to 49). Therefore, Council will be presented with the challenge of engaging and retaining mature aged workers (44 to 60) who will dominate the Shire's population. Slowed and in some cases negative growth of persons under the age of 19 years will contribute to the overall ageing of the Redland Shire's population.

National Population, Mortality, Fertility and Employment Trends

- In 2003, Australia's total fertility rate was 1.75 babies per woman.
- Life expectancy for men is 78 years, and in 2042 it is projected to be around 83 years. Similar increases in life expectancy have occurred for females.
- With fewer babies being born, and more people living longer, the population will get progressively older. It is projected that by 2042, the number of young (0 to 14 years) dependent people is projected to fall by about 5%. However, the proportion of the population aged over 65 years is expected to increase by more than 50% over the next two decades.
- The unemployment rate in January 2005 was 5.1%. Unemployment has averaged around 7.5% over the period since the late 1970s, peaking with slowdowns in the economy.
- Teenage unemployment remains higher than in older age categories in many areas. In January 2005, the teenage (15 -19 years of age) unemployment rate was 14.9%. Of particular concern is the identification of skill shortages in areas of significant youth unemployment.
- As the population ages, women's integration into the future workforce will be influenced by their role in caring for elderly parents and other family members.

Mature Age Workers Research

- Need to participate in the workforce because of pre- and post-retirement financial security, health and wellbeing, to support their families and social and economic participation.
- Workforce participation rates are low among people over 55 years of age. Labour force participation rates drop sharply with increasing age, with only half of men and less than one quarter of women aged 60 to 64 in the workforce. There is a trend to early retirement, which is often not voluntary, and disability can be a compounding factor.
- Increasingly choosing greater flexibility in their employment so that they can enjoy partial retirement while receiving an income.
- Studies have shown that age discrimination is a primary factor in the limitation of employment, training opportunities and conditions of employment of mature age workers.
- Need to understand the capacity (physical) issues around ageing, including consideration of medical separations or frustration of contract for incapacity and possibly the need for regular medical assessments for those aged over 45, as well as pre and post employment medicals.
- The National Strategy for an Ageing Australia identified the removal of barriers to continued workforce participation and the retraining of mature age workers as key goals. Barriers to continued workforce participation include entrenched community attitudes and myths about mature age workers.
- Education and training opportunities for older people are considered a crucial component for updating skills to enable workers to adjust to changing labour market needs. The potential of information and communication technology to assist mature age workers is significant, including those with disabilities.
- Greater utilisation of the experience and skills of older workers' mentoring or supervisory role, with less physical tasks and succession planning.

- Allowing phased-in retirement or gradual exit from paid work will give mature age workers the option for staying in the labour force longer.

Generation Differences

- Baby boomers' (born 1946 to 1964) who entered the workforce from the mid-1960s to mid-1980s are pragmatists who place a great deal of emphasis on hard work, dedication, achievement and material success. They are a product of the traditional workplace, requiring security from the organisation, promotions based on longevity, loyalty to their company and respect those in positions of authority. They value a sense of accomplishment and social recognition ranks high with them including status symbols.
- Generation X (born approximately 1965 to 1977) are seeking new generation workplaces. Their security emanates from within, they expect performance based promotions, offer loyalty to their team, challenge authority and believe respect is earned. They value flexibility, life options and job satisfaction and relationships and family are very important to them. They will be willing to trade off salary increases, titles, security and promotions for increased personal time and expanded lifestyle options.
- Generation Y (born approximately 1978 to 1994) tend to have high expectations. Research indicates that the four million Generation Ys in Australia will have 29 different jobs across five different industries in their working lives. Retaining this generation in a single position will be almost impossible. They believe in themselves and are confident about their ability to succeed. In their never-ending search for the ideal job, they tend to constantly job-hop, continually seeking meaning in their work. This generation is at ease with diversity and takes technology for granted. They are money-oriented and consequently seek financial success, emphasising values such as freedom and a comfortable life.

Possible Solutions

- Develop a Generation Management Current and Future Report to ensure the attraction and retention of all age groups as required to meet Council's objectives, including:
 - Undertake research and analysis of current situation in regard to generation management to provide reliable data and identify what specific strategies need to be developed to address issues.
 - A strategy to retain older workers within Council's workforce or encourage those who retired early to return to work. This strategy may include, but will not be limited to: knowledge transfer arrangements; specialised job designs; flexible working arrangements; staged retirement options; address gaps in formal skills currency; and conduct an intentions survey of baby-boomers currently employed within Council.
 - A strategy to attract and retain Generation X and Y. This strategy may include, but is not be limited to: exit management strategy to determine reason for turnover; conduct employee opinion survey; establish employee branding and/or employer of choice program; graduate recruitment and development program; mentoring/ coaching program by older workers to support inadequate work experience; rotation programs with other public sector entities; career progression planning; and introduce employee recognition program.
- Develop and implement a thorough HR Planning system, including long term workforce plan to identify future skill requirements and identify gaps, succession planning and key talent management.

2. Skills Shortage

Australia is undeniably facing a critical skills shortage. Worse still, the current skills shortage in the traditional trades areas is predicted to deteriorate further.

Skill shortages exist when employers are unable to fill or have considerable difficulty in filling vacancies for an occupation, or specialised skill needs within that occupation, at current levels of remuneration and conditions of employment, and reasonably accessible location. Shortages are typically for specialised and experienced workers, and can coexist with relatively high unemployment overall or in the occupation. An occupation may be assessed as in shortage even though not all specialisations are in shortage.

General trends in the market indicate the increasing difficulty of employers to attract candidates for vacant positions in some callings. Some issues are beyond the immediate influence of employers, for instance:-

- Decline in birth rate.
- Low unemployment.
- Market driven remuneration.
- Global job market.

It is apparent that other local authorities are experiencing “pocket shortages”, that is, certain occupations are in a greater demand than others and thus pushing up market remuneration rates. This has also led to the firm establishment of labour hire/consultancy organisations who are able to dictate prices to the market.

Skills shortages occur for a variety of reasons:

- strong economy with low rates of unemployment;
- growth of new industries with few ready-skilled tradespeople available;
- relocation of new industries into different regions with a different skills base;
- lack of interest in particular industries among potential job seekers;
- location of industry, or project-based work, in rural or regional areas with a small skills base;
- technology changes within an industry, especially production, resulting in new methods and therefore skills needs; and
- changes in underpinning skills needs to successfully undertake trade training for example, Year 12 maths for technology trades.

This is not a new issue. Skills shortages are not unique to Local Government but are across a range of other public service areas including Electricity, Water, Railways, Health and Community Services. An integrated approach with government across the industry is required.

An undersupply of professional engineers is threatening the ability of local government to deliver infrastructure and services that the community expects and demands. The shortage is starting to delay projects and increase costs as salaries rise by 15 to 20 per cent in some parts of the engineering sector. In 2004, some 1,700 first year University engineering places were not filled. Students now tend to choose other courses which are seen as leading to careers that are more lucrative or attractive than engineering. The root causes of the problem include:

- Cutting back on availability of cadetships by all tiers of government over a sustained period of economic rationalism.
- De-professionalisation of the public sector in technical areas.
- Increased use of technicians to fill in what was previously the role of the professional engineer.
- Outsourcing of traditional public works programs and a single focus on the bottom line.
- A lowering of community awareness of the roles and responsibilities of public works professionals.
- Reduced student intake because of careers of excitement in other areas.

Other common skill shortage occupations in local government include CEOs, planners, accountants, trades, qualified childcare workers and EHOs.

Council Issues

Council is placed in a position of direct competition with other local authorities when it comes to the attraction and retention of staff in certain fields. With low unemployment and strong economic growth coupled with changes in employment preferences and perceptions it is increasingly difficult to attract suitably qualified people to fill some roles. Areas most affected seem to be the professional engineering roles (Town Planners, etc).

Possible Solutions

- Develop a strategy to meet current and future skill gaps, including skill gap/training needs analysis, and subsequently identify initiatives to meet these gaps, eg training programs, graduates, apprentices, traineeships, para-planners, overseas recruitment. Other components may be:

- Strategies primarily focused on attracting skilled staff, retaining skilled workers and measures for integrating different generations into one motivated team.
- Develop workforce planning systems to understand the changing needs of Council.
- Provide career planning and pathway maps for current and future staff.
- Strengthen relationships with existing industry cluster.
- Establish a true market remuneration value for hard to obtain employees.
- Improve employee brand for attraction purposes.
- Consider outsourcing of “in demand” occupations.

3. Workplace Health and Safety

The Queensland Workplace Health and Safety Strategy 2004 to 2012 states that the initial targets are to:

- Sustain a significant, continual reduction in the incidence of work-related fatalities with a reduction of at least 20% by 30 June 2012 (and with a reduction of 10% being achieved by 30 June 2007).
- Reduce the incidence of workplace injury by at least 40% by 30 June 2012 (and with a reduction of 20% being achieved by 30 June 2007).

In addition to reducing work-related deaths, injuries and diseases, the strategy aims to improve the overall workplace health and safety environment. Some indicators of success will be:

- Workplace parties recognise and incorporate workplace health and safety prevention efforts as an integral part of their normal business operations.
- Increased workplace health and safety knowledge and skills in workplaces and the community.
- Governments develop and implement more effective workplace health and safety interventions.
- Research, data and evaluations provide better, more timely information for effective prevention.

In addition the following changes will be made to Queensland Workplace Health and Safety:

- Improved data management and analysis capability.
- Greater powers to influence outcomes across organisations.
- Ability to impose increased penalties for failure to meet statutory obligations.
- Greater powers of intervention in areas of staff education, incentives and prevention.

Local authorities have been identified as an industry group that will be given a high priority. Three mechanisms of injury - musculo-skeletal disorders; falls, trips and slips, and being hit by moving objects or hitting objects with a part of the body - are also targeted. The Queensland strategy continues the partnership of Government, industry and unions working together to minimise the risk of workplace incidents.

Council Issues

Council has a satisfactory performance around WH&S. However, Council scored 58.5% against a 70% target on the 2005 interim Tri-safe Audit due to a lack of integrated procedures, training and compliance with legislation.

Possible Solutions

Ensure that a comprehensive WH&S system exists to meet all legislated requirements and decrease workplace injuries. This system will need to include an education program that ensures all levels of the workplace recognise and incorporate WH&S prevention efforts as an integral part of their normal business operation. The system will incorporate:

- Review all major initiatives and their ongoing relevance in relation to the business need and statutory requirements.
- Focus on future direction from a top down approach and achieve a one Council WH&S vision.
- Increase focus on decreasing lost time injuries through early intervention strategies.
- Gather and analyse relevant data to identify trends and determine appropriate actions.

The ultimate goals will be to:

- Reduce the incidence of workplace injury by at least 40% by 30 June 2012 (and with a reduction of 20% being achieved by 30 June 2007).

- Receive zero prohibition and improvement notices.
- Maintain our workers compensation self insurance licence.
- Decrease costs associated with workers compensation claims.

APPENDIX 1 - REFERENCES

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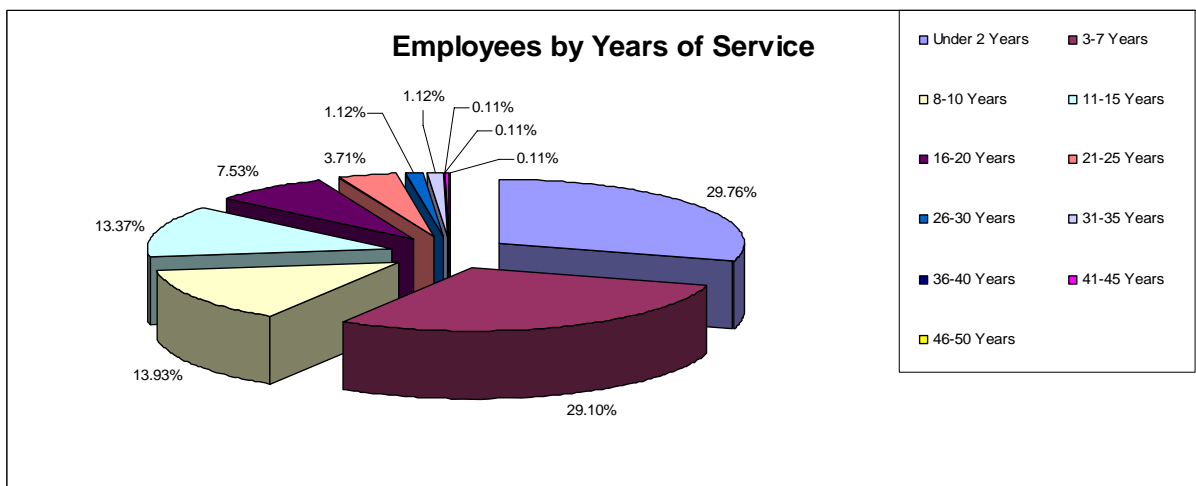
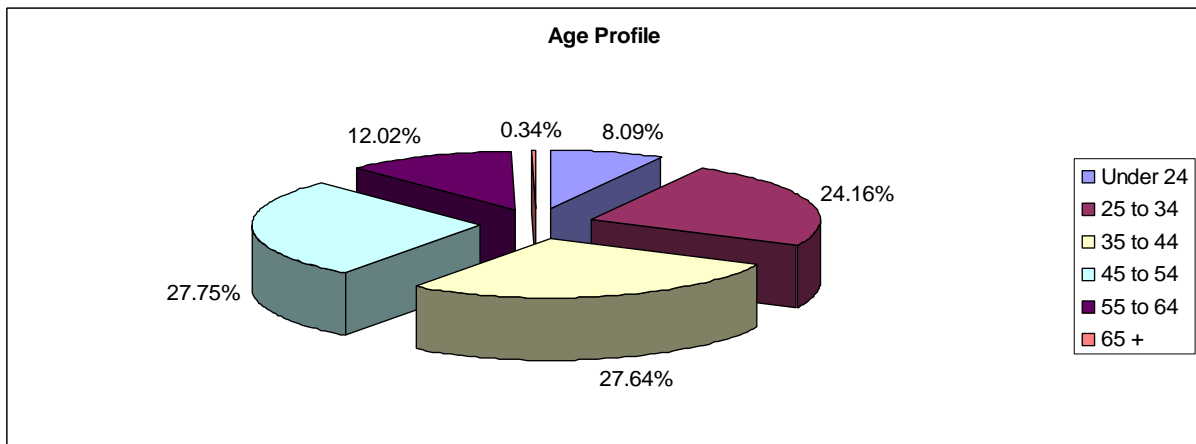
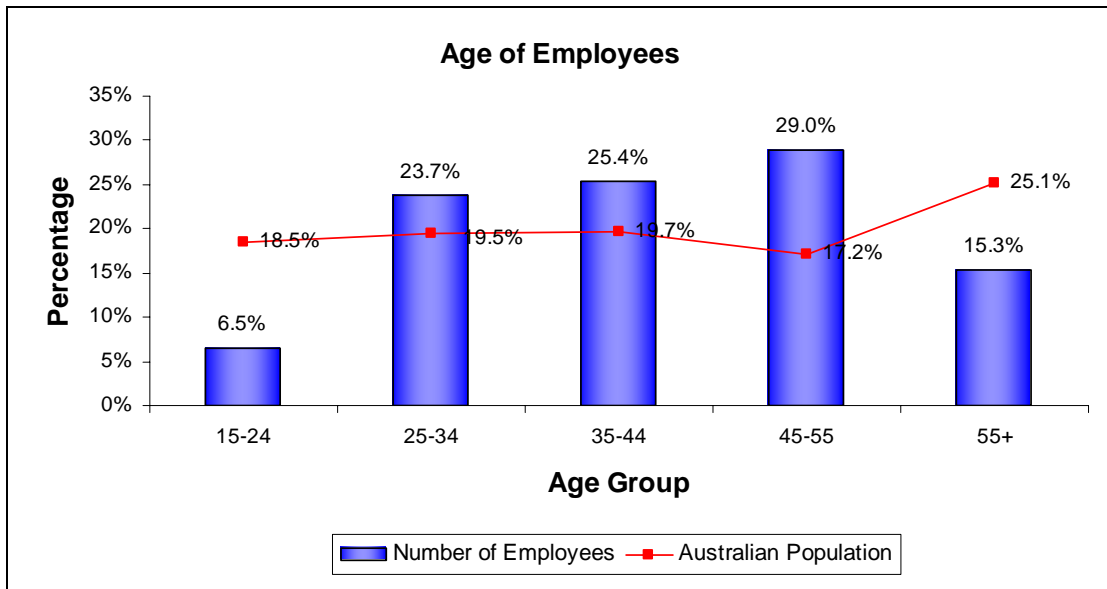
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Department of Industrial Relations, The *Queensland Workplace Health and Safety Strategy 2004–12* is part of the Government's commitment to reducing the human and financial cost of work-related injury and illness.

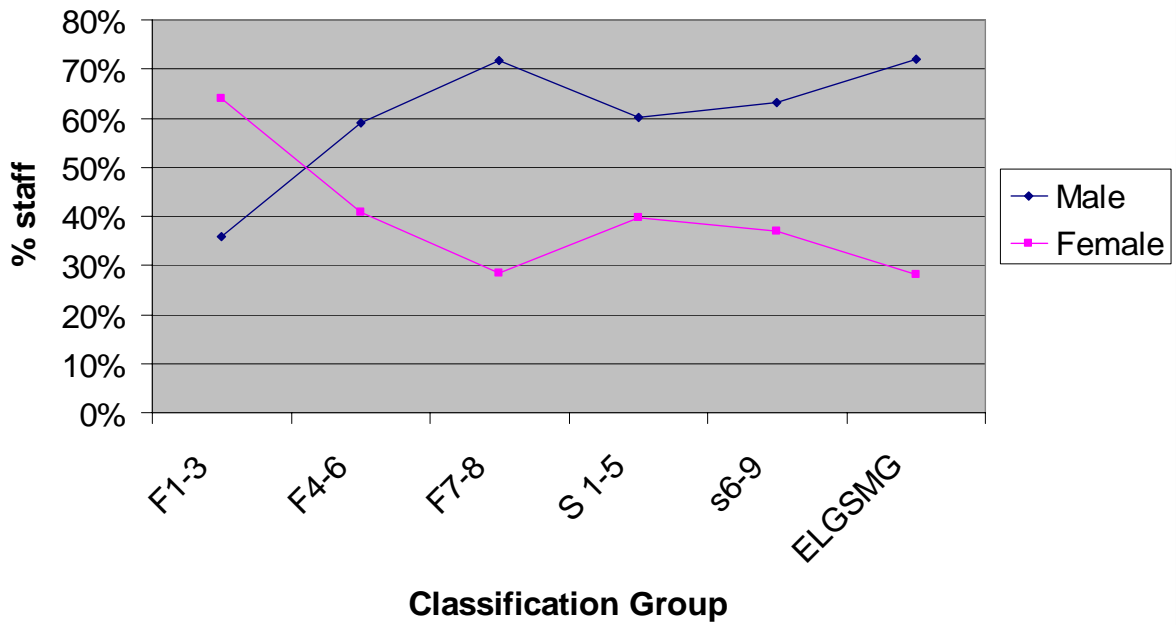
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APPENDIX 2 – WORKFORCE METRICS

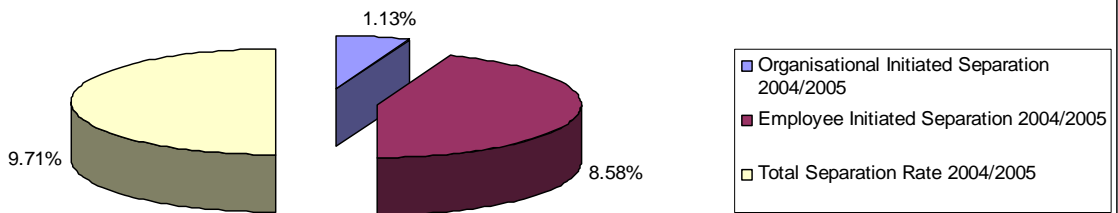
Note: Metrics do not include casual and fixed term employees.



Employee Job Classification by Gender



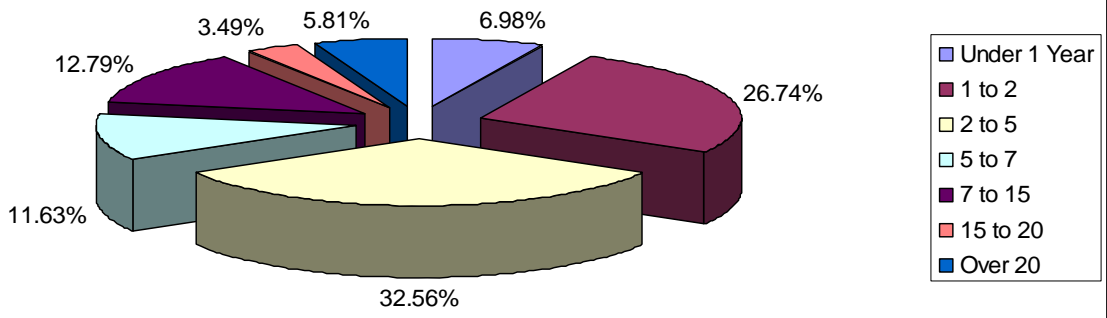
Employee Turnover



Employee Turnover by Age



Employee Turnover by Years Of Service



Staffing Rate by Tenure		Staffing Rate by Age		Staffing Rate by Classification & Gender		
Under 2 Years	29.76%	Under 24	8.09%		Male	Female
2-7 Years	29.10%	25 to 34	24.16%	Total	46.15%	53.85%
7-10 Years	13.93%	35 to 44	27.64%	F1-3	36%	64%
10-15 Years	13.37%	45 to 54	27.75%	F4-6	59.15%	40.85%
15-20 Years	7.53%	55 to 64	12.02%	F7-8	71.70%	28.30%
20-25 Years	3.71%	65 +	0.34%	S 1-5	60.24%	39.76%
25-30 Years	1.12%			S6-9	63.16%	36.84%
30-35 Years	1.12%			ELG&SMG	72%	28%

<i>Turnover by Years of Service</i>	% of Turnover	<i>Turnover Statistics by Age</i>	% of Turnover
Under 1 Year	6.98%	Under 25	12.79%
1 to 2	26.74%	26 - 35	32.56%
3 to 5	32.56%	36 - 45	19.77%
6 to 7	11.63%	46 - 55	19.77%
8 to 15	12.79%	56 - 65	13.95%
16 to 20	3.49%	Over 66	1.16%
Over 21	5.81%		
		Total Annual Turnover	9.71%