

August 2016

1-2 skip a few 99-100

Is the public sector planning for the 100 year life?



Introduction

We know at the time of human origin life expectancy was short. The few people who grew old were assumed, because of their years, to have won the favour of the gods. The typical person was fortunate to reach 40.

Beginning in the 19th century, that slowly changed. Since 1840, life expectancy at birth has risen about three months with each passing year. In 1840, life expectancy at birth in Sweden was 45 years for women; today it's 83 years.

Life expectancy in Australia rose to its highest level on record, according to figures released by the Australian Bureau of Statistics in April this year. In 2014, male life expectancy climbed to 80.3 years, up from 80.1 in 2013, while female life expectancy also increased by one month to 84.4 years. Current predictions indicate that the Millennial generation will live to 100 years.

Between 2015 and 2030, the population of those aged 60 and above in high-income countries will grow by a third to more than 400 million, according to the United Nations. Rapid population ageing is putting significant pressure on health and social care systems and threatening the financial sustainability of some public and corporate pension arrangements. At the same time, lower fertility rates have led to an increasingly smaller proportion of young people to older people, leaving a potential undersupply of workforce capability if older people continue to retire at 55-64 years of age.

The APS like the broader Australian workforce is experiencing an ageing workforce. There are a number of complicating factors specific to the APS that make the challenge of an APS ageing workforce worthy of focussed analysis and attention.



The APS has a larger ageing population than other parts of the labour force.

APS Current State

Average age

The average age of APS employees is 43.5 years. This is significantly higher than in the 1980s where the average age was less than 35. The APS also has a higher proportion of employees aged 35-54 than the rest of the Australian labour market. In the next 10 years, it is likely that the APS will have an unusually older workforce than the broader labour market.



The average age of APS employee in 2015



Average age of APS employees in the 1980s

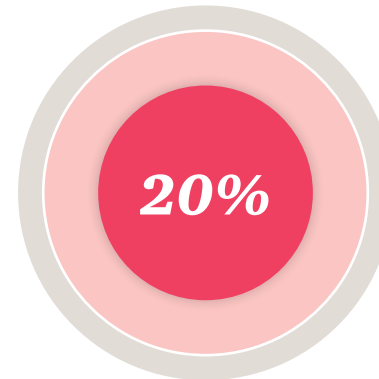


Part-time work

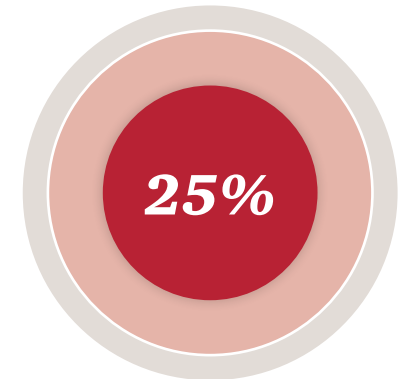
The APS has a smaller part-time workforce than the Australian average. In 2015, the total APS part time workforce is 20.3%. This remains lower than the Australian average of 24.9% (in 2013). In the APS, fewer older people (55+) were working part time than other age groups, and within the 55+ age group, significantly fewer women were working part time.



APS part-time workforce



Australian part time workforce



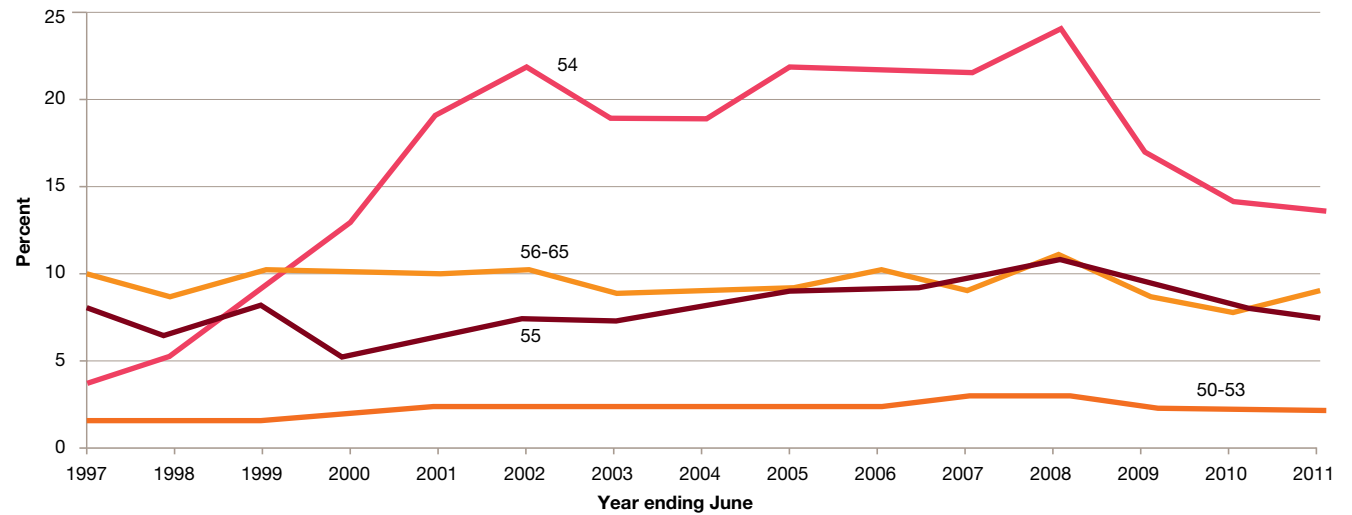
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Incentives to exit at 55 may soon be gone

For many years attractive defined benefit superannuation schemes appear to have acted as an incentive for APS workers to exit the APS workforce by 55, albeit some returned or, came back as contractors.

These schemes switched to combined contribution in the mid 1990s meaning a new workforce cohort will be reaching middle age soon with fewer incentives to leave the APS at 55.

Resignations or retirements for ages 50-65 between 1996-7 and 2010-11



Source: APSC SOSR 2010-11





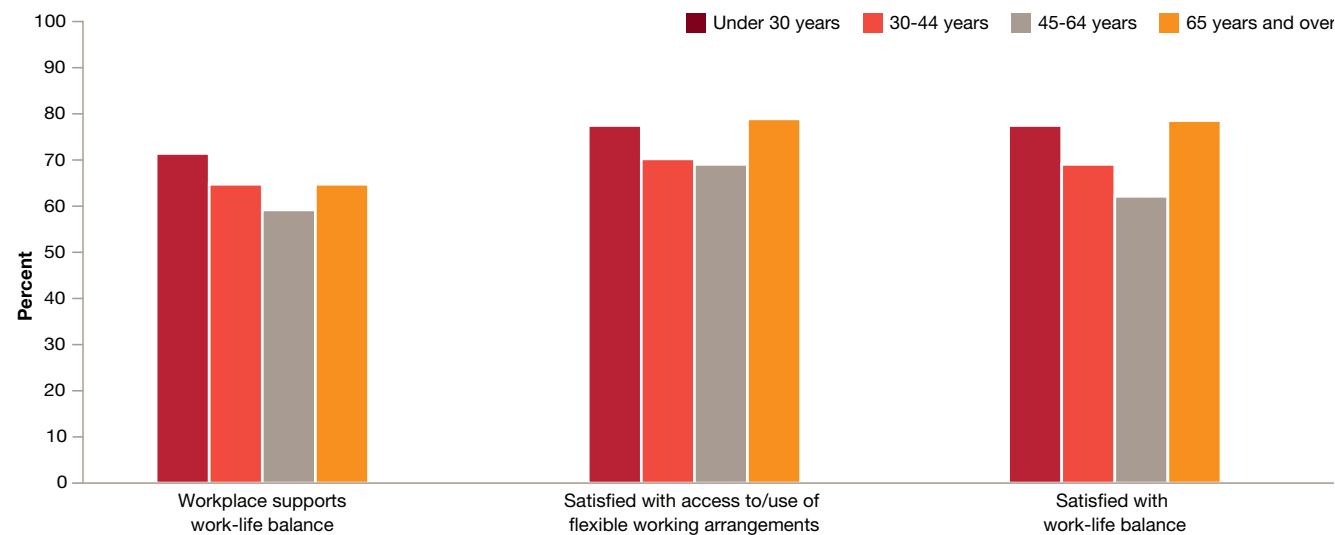
No flexibility

In a recent PwC report it was found that those who worked from home at least once a week were 48% more likely to rate their job a 10 on the happiness scale, with 10 being the highest.*

As Baby Boomers retire and Millennials and Gen Z'ers dominate the workforce, people still expect to have jobs but these jobs will be structured differently. Signs point towards jobs that allow for far greater flexibility and autonomy than the average job today allows.

In 2013, APS employees aged 45-64 were the least satisfied with workplace flexibility and work/life balance measures in place in agencies.

Employee perceptions of work-life balance and flexible work arrangements by age group, 2013



*PwC report: Work-life 3.0: Understanding how we'll work next.

Source: APSC Employee Census 2012-13

APS Current State

The 100 year life and the multi – generational workforce

Research shows that today's workforce, a cross section of Boomers, Gen X, Millennials and Gen Z, has distinct preferences, needs and ways of thinking. This has increased the level of leadership complexity and requires more tailored solutions, catering to desires for both flexibility and autonomy and for a more stable work environment. To attract and retain talent, leaders must demonstrate their commitment to the needs and success of their disparate workforce.

Millennials in the workforce will live to an average age of 100 and may be active in the workforce in some capacity until they are 80, according to modeling done by PwC and the London Business School.

If more older workers stay in the APS employees of all generations will need to work collaboratively to design workplaces of the future that allow for each generation to reach their full potential.



Implications

PwC's Golden Age Index considers how well OECD countries are harnessing the power of an older workforce – Australia is ranked 16/34 countries. [Read the report here.](#)

PwC finds that there are **three overarching principles that every organisation should be considering in developing their strategic workforce and HR investments.** These are: reducing employment barriers for older workers, improving employability, and encouraging later retirement.

The APS can make a real difference. The APS is a large employer in the labour market, employing over 150,000 people. If the APS makes a concerted effort to attract and retain more older workers this would increase both gross domestic product (GDP) and tax revenues. It could help the APS better retain and manage corporate memory loss and reduce talent loss.

This is not a new issue in the APS, but this is a good time to tackle it. The Secretaries Board and the (then) APS200, as well as a number government agencies have considered this challenge over the last decade. However, the impact of augmentation and the continuing pressures on the global economy, coupled with a growing interest from employees in flexible working arrangements means that tackling this issue now is as important as it has ever been – if not more so!



Reduce employment barriers

Reduce bias against older workers through the full employment lifecycle: from recruitment to retention, exit and re-entry.



Improve employability

Focus on promoting lifelong education and training, which could upskill older workers and potentially reduce unemployment of older workers.



Encourage later retirement

Employment and financial incentives that encourage workers to continue working past the official retirement age.

Opportunity

Harnessing multiple generations to solve a multi-generational challenge

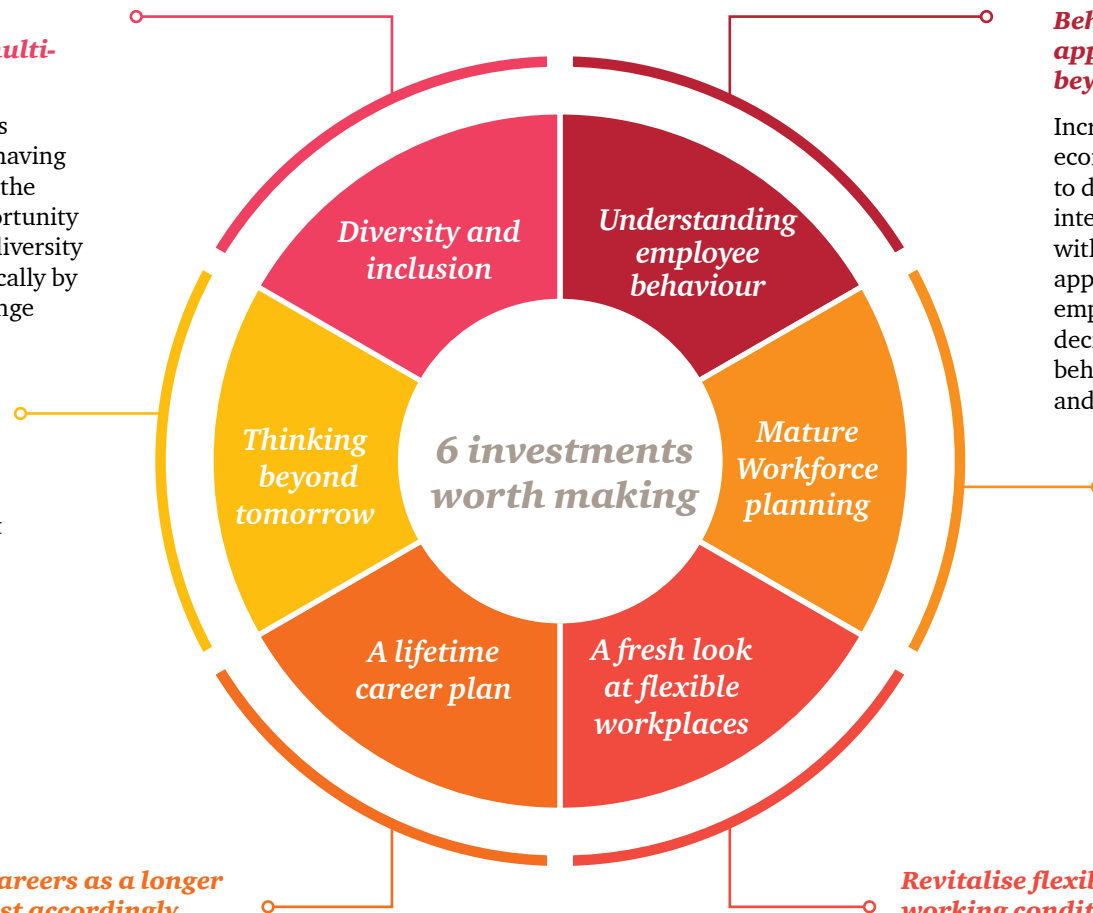
An ageing population means workforces will move from having three to four generations in the workplace. There is an opportunity for the APS to harness this diversity and solve problems dynamically by capitalising on a broader range of experiences.

Thinking beyond tomorrow

Ageing is one aspect of the future of work. Robotics, emerging global economies and climate change are just some of the other major variables that will impact the way the APS organises itself. Continuously reviewing and analysing global and national mega trends that will impact the workforce of the future will allow the APS to be more proactive in shaping its destiny.

Start to look at careers as a longer journey and invest accordingly

If people are going to be in the workplace for longer, career paths, roles, training and development will look different. Consider how your organisation is able to take advantage of this opportunity.



Behavioural economics approaches that go beyond education

Increasingly the use of behavioural economics techniques are needed to design workforce policy and interventions at multiple levels within APS organisations. These approaches can help to nudge employees towards making the decisions and exhibiting the behaviours that will create a diverse and inclusive environment for all.

Mature workforce planning

Robust workforce planning that takes account of the whole employee life-cycle and can segment the employee value proposition for different generations will become increasingly important in attracting and realising the full potential of a multi-generational workforce.

Revitalise flexible working conditions

Consider the levers the APS has to offer flexible working arrangements whether that is part-time, phased approaches to retirement, ability to work from home and other ways that your organisation can be more flexible to meet the expectations and preferences of your employees.

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