

**Response to the
Australian Government's
Productivity Commission –
Workplace Relations Framework Inquiry:
Issues Paper 1**

April 2015

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The Australian Psychological Society (APS) welcomes the opportunity to present a submission to the Australian Government's Productivity Commission - Workplace Relations Framework Inquiry.

Psychologists comprise the largest mental health profession in Australia. The APS represents over 21,000 members and is thus well placed to contribute to an Inquiry into changes we believe would improve important elements of the workplace relations system, particularly in respect of the issue of the mental health and wellbeing of workers, and the impact this will have on the individual workers, their families, workplace colleagues, communities, and ultimately, the nation. This submission is focussed on a number of the issues the APS believes significantly contribute to poor mental health and wellbeing outcomes of the Australian workforce.

The APS recognises the importance of building, supporting and maintaining an involved, engaged and healthy workforce, and the APS has a strong professional commitment to that ideal. At the practical level, within the Australian workplace, psychologists make a significant contribution to the professional support of workers and their families who are experiencing mental illness and injury and wellbeing issues. While some psychologists work directly in the workplace, such as Organisational and Industrial Psychologists, others work in educational and vocational counselling, workplace mentoring, coaching, mediation, recruiting, selection, ongoing training and development at all levels of the organisation and are therefore, as a group, informed of the issues and concerns of both workers and employers. Psychologists also contribute significantly to the understanding of workplace issues and behaviours, through a substantial body of workplace research and scientific study.

The APS has a professional interest in addressing the improvement of working conditions and opportunities to help build and maintain a mentally healthy workplace culture that contributes positively to the mental health and wellbeing of both individual members of society and the Australian economy.

In this submission, the APS wants to highlight a number of concerns that focus on the mental health and wellbeing of the Australian workforce, specifically:

- The impact of unemployment, underemployment and unsecure employment on mental health and wellbeing;
- The need to ensure an increase in the quantity of work, or job creation, to strive for full employment, and *also* to ensure the quality of work so that it is meaningful, rewarding and healthy;
- Fair and equitable employment opportunities, with pay and conditions that promote equality and that are aimed at eliminating discrimination on the basis of age, gender, or any other form of discrimination; and
- The importance in economic and social terms of promoting good mental health and wellbeing practices in the workplace and ensuring that members of the Australian workforce enjoy a healthy and rewarding work–life balance.

This submission will address the issues identified above, as we believe they currently restrict achievement of the objectives of the Workplace Relations Framework Inquiry, that: "... it is

fundamentally important to make sure that Fair Work Laws work for everyone” (Issues Paper 1: Context, p.4).

The potential impact of unemployment, underemployment, insecure employment and low quality employment on the mental health and wellbeing of Australian workers are well established.

The World Health Organisation pointed out in a 2001 Report, ‘too much work,’ ‘not enough work,’ and ‘no work,’ rather than healthy-productive work, not only has negative consequences for national economies, but also correlates with premature death (Dollard & Winefield, 2002). There is a large volume of scientific evidence to support the assertion that these unsatisfactory workplace conditions also correlate with poor physical and mental health outcomes for workers and their families.

Effects of low quality employment. As Dollard and Winefield (2002) noted, “(b)eing satisfactorily employed enhances growth and self-esteem, but being unsatisfactorily employed is detrimental to psychological health and is psychologically as bad as being unemployed” (p. 4). However, the situation is even worse for many workers employed in low quality employment. Australian research indicates that workers in poor quality work show a greater decline in mental health and wellbeing than those that were unemployed. Researchers concluded that the psychosocial quality of work determines whether or not an individual’s employment has benefits for mental health and wellbeing (Butterworth et al., 2011).

The converse is also well supported by the research, that participation in work that is non-discriminatory, secure and fairly compensated is beneficial for workers’ health. However, it is more than just the quantity of work that is important, but the quality of the work provided, the quality of the working environment and the quality of working relationships that also contribute to the mental health and wellbeing of workers.

A factor that is seen as contributing to the reduced quality of workplace health is the so-called **long work-hours** culture, along with the **part-time (not enough)** and **contracted (insecure)** work cultures. These cultures are viewed as interfering with quality work that promotes a mentally healthy work – life balance. The “...time pressures and demands resulting from long hours of work are well established sources of work-family pressures, and this is particularly the case for long full-time work hours” (Dollard & Winefield, 2002). This is particularly so when the work is perceived as being of low quality.

A 2011 survey of more than 1,000 workers found that 37 per cent were actively looking for a new job and 82 per cent were open to offers (PricewaterhouseCoopers, 2011). Long hours, the necessity to get more work done with fewer resources and the reluctance of organisations to increase salaries were given as key factors in these decisions.

A separate global study conducted by Gallup Consulting that included 2,000 Australian workers found most employees were “just going through the motions” at work (Crabtree, 2013). This study found 61 per cent of workers were emotionally detached from work. A third of those not engaged had taken at least three sick days in the past month compared to only 11 per cent of engaged workers. These outcomes have direct effects on productivity.

Insecure employment. For a growing number of workers, the problem is not a long work-hours culture, but rather not enough work to ensure the security of the worker and their families, or the insecurity of contracted, seasonal or short-term work that offers an uncertain future.

The situations mentioned above are not good for the individual worker, Australian business and the Australian economy. Consideration needs to be given not just to an increasing number of jobs with a more equitable distribution of the available work across the working population, but also to the availability of quality of the work, the quality of working environments, working conditions and workplace relationships. Quality work also needs to provide a good fit with the needs of workers and their families, not just the needs of business and the economy. Workers in good quality jobs are healthier, happier and safer, which in turn results in improved productivity and retention.

Fair and equitable employment opportunities, pay and conditions are important for ensuring participation and involvement across all groups and individuals in the workforce, as well as contributing to the mental health and wellbeing of the workforce.

The Inquiry has pointed out that: "... Fair Work laws (have to) work for everyone" (Productivity Inquiry Issues Paper 1. p. iii). While it is appreciated that there are laws making workplace discrimination an offence, at the same time there are forms of discrimination that are subtle and prevalent in some workplaces creating inequalities for more vulnerable groups within the workforce. These groups can bear a greater burden than the general working population when the labour market tightens, as is currently the case. They include **young workers, the mature aged worker, and women**. In addition there are groups such as **ill or disabled groups** and **ethnic groups** that are also likely to bear a greater burden of a declining labour market, the consequence of which, as has been pointed out above, can be poor mental health and wellbeing outcomes.

The example of age. Discrimination on the basis of age, for both the younger and older worker has been the subject of considerable discussion in recent times. The youth (15-24) unemployment rate has been more than double the general unemployment rate, making underemployment more problematic for this age group. Youth unemployment has risen higher than it has been since the late 1990's, prompting the Brotherhood of St Lawrence to note in a report on the declining employment opportunities for teenager workers, that: "... amid a steady rise in the overall employment rate, Australia's youth continue to bear the brunt – and teenagers are faring worst of all" (Brotherhood of St Lawrence, 2015, p.1). This pattern potentially negatively impacts on the mental health and wellbeing of this age group.

For mature aged workers (45+) the situation is also problematic. A decade ago the Australian Bureau of Statistics noted in a special report on aging workers, that: "... 45-64 year olds have lower employment rates than those in the labour force generally, unemployed people in this age group often have more difficulty in obtaining work than younger jobseekers and are, therefore, at risk of remaining unemployed for a long time.... Consistent with the difficulties people aged 45-64 years may face finding work over a long period of time, they are more likely to become discouraged and drop out of the labour force altogether than people in younger age groups" (Australian Bureau of Statistics [ABS], 2005).

There is no evidence that the situation for mature aged workers has improved and earlier this month the Treasurer, Joe Hockey, is reported to have said: "... business attitudes need to change as well as policy" pointing out "... New Zealand's removal of discriminatory policies towards older workers as a contributing factor to its higher participation rates" (Belardi, 2015).

The example of gender. The G20 Labour and Employment Ministerial Declaration (2014, p.1) identified: "...raising female participation and employment" as a challenge commanding a high priority. Working women are more likely to encounter restricted opportunities, promotion, remuneration, security of tenure, etc. In addition, they also carry greater responsibility for family commitments, placing additional demands on their time and energy. All of this can impact negatively on their health and wellbeing (Dorrian, Skinner & Pisaniello, 2011).

The APS Stress and Wellbeing in Australia survey (2013) reported that working women who reported positively on: "... workplace factors such as supportive leadership, employer support for family matters, physical and mental health issues, and employee engagement, reported significantly higher levels of wellbeing, lower levels of stress and distress, and lower levels of anxiety and depressive symptoms than those who were not positively aligned with these workplace factors" (p.46).

Unfortunately, despite the identified need to address the relative disadvantages females experience in opportunities to participate equally at higher levels of the workforce, in the latest global rankings of the 27 OECD countries on the gender pay gap, Australian women dropped six places to the 15 position, reportedly due to an increasing gender pay gap, and, an increase in female unemployment. (PricewaterhouseCoopers, 2015).

The APS recommends that the Productivity Commission consider strategies for increasing the participation of these and other disadvantaged groups in the workforce by using any relevant powers to ensure the discriminatory practices that disadvantage these groups are removed from the workplace.

The economic and social costs of neglecting the mental health and wellbeing of the Australian workforce are substantial.

The APS is concerned with the increasing cost to the economy of the poor mental health and wellbeing of workers. In 2006, it was estimated that workplace stress was costing the Australian economy \$14.81 billion a year, that stress-related absenteeism and presenteeism (being present at work but with reduced engagement, contribution and productivity) were directly costing Australian employers \$10.11 billion a year (Medibank Private, 2008). A more recent review estimated the cost of presentism to the Australian economy for 2009/10 to be even higher, \$34.1 billion (Medibank Private, 2011).

"It is estimated that depression (alone) in the workforce costs the Australian society \$12.6 billion over one year, with the majority of these costs related to lost productivity and job turnover" (Beyond Blue, 2014, p. 2). A University of Melbourne, VicHealth report revealed that excessive pressure at work is costing Australia's economy \$730 million a year due to depression related to work stress.

These estimated financial costs do not represent the true costs of what poor workplace practices create in the forms of stress, poor mental health and poor wellbeing outcomes. Additional costs include the financial and emotional costs on workers and their families, long-term health costs, the costs to businesses to compensate for absences of sick staff, increased workloads on colleagues, and other accumulated costs associated with poor health and wellbeing.

In inviting submissions the Inquiry the Commission stated: “The Commission’s approach recognises the social as well as the economic aspects of wellbeing; and in the case of an inquiry into workplace relations, the concepts of fairness and equitable treatment, the balance of negotiation strength and the ability of parties to remain well-informed and able to manage their own interests effectively are clearly relevant, albeit sometimes difficult to balance (Issues Paper 1: p.15).

The social and economic aspects, as the APS has highlighted in this submission, are intrinsically linked. A healthy economy is the output of a healthy workforce. And this requires a Workplace Act that is able to achieve a balance of the fair and equitable treatment of all workers, many of whom lack the negotiation strength and ability to manage their workplace interests effectively.

In summary, the APS makes the following recommendations:

1. That workplace laws:
 - Promote and protect the physical and mental health and wellbeing of the Australian workforce, particularly those members (or potential members) who bear the brunt of disadvantage or discrimination;
 - Recognise that the creation of jobs is not just an issue of quantity - it should also be an issue of quality. Quality work needs to be promoted, if the Australian workforce is to grow and thrive, so that the Australian economy can grow and prosper;
 - Promote the introduction of evidence-based practices and programs in the workplace that raise the awareness of the relationship between healthy and productive workplaces and mental health and wellbeing.
2. The APS has collected and disseminated, and continues to collect and disseminate data from the workforce compiled by their members. As the professional body representing the largest mental health profession in Australia the APS is well placed to inform the Productivity Commission on matters of the mental health and wellbeing of the Australian workforce.

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