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Older people and the labour market

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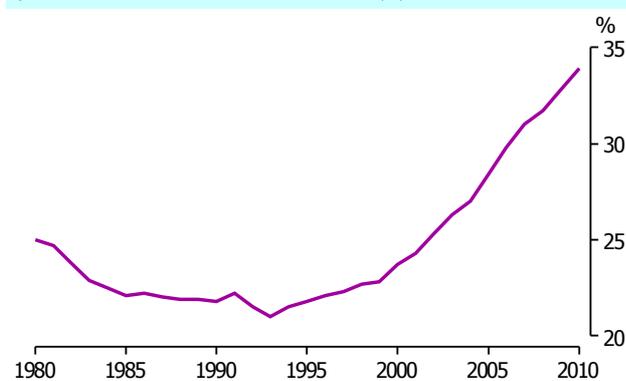
While older workers have always been an important part of the Australian work force, in recent years the importance of this contribution has become increasingly apparent. The 2010 Intergenerational Report highlighted the fiscal pressures associated with the ageing population. Demand for health and aged care services as well as pensions is projected to increase over coming decades while at the same time the proportion of people participating in the labour force is projected to fall.¹

Increasing the labour force participation rate of older people is seen as one way to help soften the economic impacts of an ageing population. Over the past decade, successive Australian governments have recognised this and developed policies aimed at lifting participation among older workers by encouraging them to stay in the workforce longer or re-enter the workforce.

Participation trends of people aged 55 years and over

In 2009–10, there were around 5.5 million Australians aged 55 years and over, making up one quarter of the population. Around one third of them (or 1.9 million) were participating in the labour force. People aged 55 years and over made up 16% of the total labour force, up from around 10% three decades earlier. The participation rate of Australians aged 55 and over has increased from 25% to 34% over the past 30 years, with most of the increase occurring in the past decade.

Labour force participation of people aged 55 years and over – 1980-2010(a)



(a) Year to June.

Source: ABS 1980-2010 Labour Force Survey

Data sources and definitions

This article uses data from the ABS Labour Force Survey and a number of supplementary surveys including Persons not in the Labour Force, Survey of Education and Work, Barriers and Incentives to Labour Force Participation and Retirement and Retirement Intentions.

Older people in this article refers to people aged 55 years and over.

Labour force status is a classification of the civilian population aged 15 years and over into employed, unemployed or not in the labour force, with employed being further classified as full-time or part-time.

Labour force participation rate is the number of people in the labour force as a proportion of the civilian population aged 15 years and over.

People **employed full time** are those who usually work 35 hours or more a week (in all jobs), and those who, although usually working less than 35 hours a week, worked 35 hours or more during the reference week.

People **employed part time** are those who usually work less than 35 hours a week (in all jobs), and either did so during the reference week, or were not at work during the reference week.

Unemployed refers to people who were not employed during the reference week and had actively looked for work in the four weeks leading up to the reference week and were available to start work during the reference week.

People **not in the labour force** are those who were classified as neither employed nor unemployed during the reference week.

Underemployed people are those people who are employed part time (or normally work full time but had their hours reduced for economic reasons such as being stood down or insufficient work) and would prefer to work more hours.

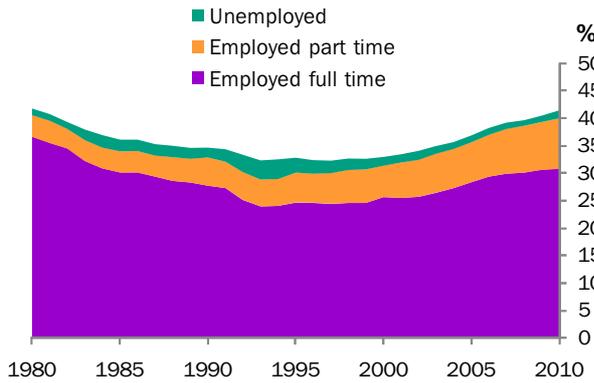
Discouraged job seekers are those who are not working and would like to, but for a variety of reasons were not actively looking for work.

Owner managers are people who operate their own unincorporated enterprise or who engage independently in a profession or trade.

Men's and women's participation

Over the past three decades, the labour force participation rate among older men has been marked by three distinct periods. The first period saw a steady decline from a rate of 42% in 1980 to a low of 32% in 1993, largely driven by a fall in full-time employment. The second period saw the participation rate of older men remain relatively stable at around 32–33%, with falling unemployment and rising levels of

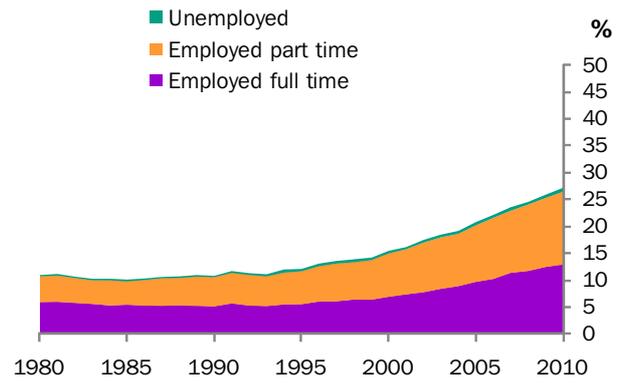
Older male(a) labour force participation



(a) Aged 55 years and over.

Source: ABS 1980-2010 Labour Force Survey

Older female(a) labour force participation



part-time employment. The period from 2002 to 2010 saw the labour force participation rate of older men increase to 42%, with growth in the proportion of older men in both full-time and part-time work.

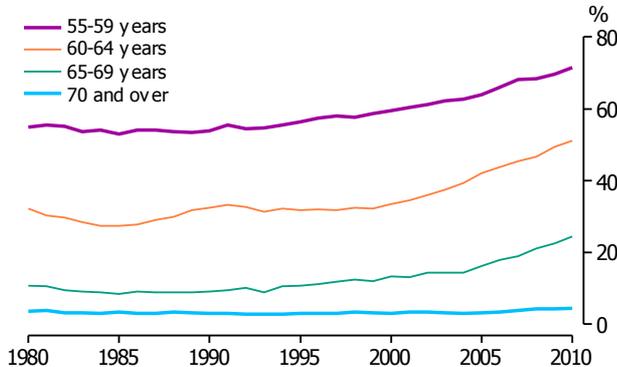
At the start of the 1980s, the labour force participation rate among older women was roughly one quarter that of older men. However, the trend of increasing labour force participation by women has seen this gap narrow. As with men, trends in the labour force participation of older women over the past three decades can also be broken down into three periods, although the characteristics of each period are slightly different to men. During the period from 1980 to 1993, the labour force participation of women aged 55 years and over was reasonably stable at around 11–12%. There was moderate growth in both full-time and part-time work in the years following, with the participation rate climbing to 16% in 2001. Since 2001, growth in both full and part-time employment among older women has accelerated, with the participation rate increasing 11 percentage points to 27% by 2010.

The marked increase in labour force participation among older men and women over the past decade is likely due to strong economic growth over the period leading to an increase in demand for employees of all ages. Increased flexibility in employment arrangements in recent years may have enabled older workers to switch to part-time work as a transition to retirement. However, there have also been legislative changes designed to encourage older workers to continue in the workforce. These include tax concessions for workers aged 55 years and over, for women, and an increase in the age at which they are eligible for the age pension.^{2,3}

...by age

Labour force participation declines with age. In the year to June 2010, 71% of Australians aged 55–59 years were participating in the labour force. This compares with half (51%) of 60–64 year olds and one quarter (24%) of those aged 65–69 years. The participation rates for each of these age groups increased considerably between 1980 and 2010 (e.g. up 19 percentage points among those aged 60–64 years), with the

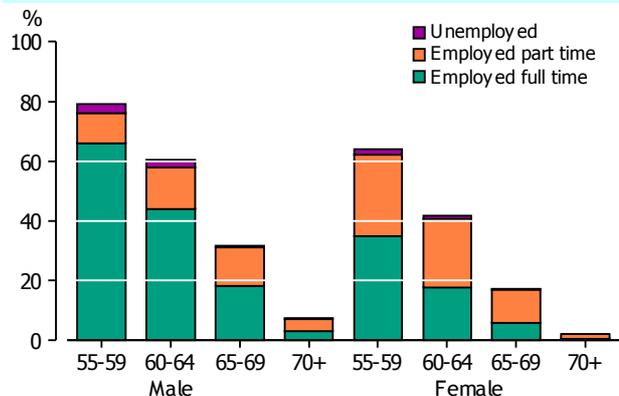
Labour force participation, by age – 1980-2010(a)



(a) Year to June.

Source: ABS 1980-2010 Labour Force Survey

Labour force status, by age and sex – 2010(a)



(a) Year to June.

Source: ABS 2010 Labour Force Survey

Occupational groups of employed males and females – 2010(a)

Occupation	Males		Females	
	15-54 years	55 years and over	15-54 years	55 years and over
	%	%	%	%
Managers	14.7	22.9	9.6	12.3
Professionals	18.7	20.3	24.4	24.9
Technicians and Trades Workers	24.0	18.3	4.6	3.3
Community and Personal Service Workers	5.5	3.7	14.3	12.0
Clerical and Administrative Workers	6.7	6.8	24.3	28.0
Sales Workers	6.9	4.9	13.8	8.1
Machinery Operators And Drivers	10.4	12.2	1.1	1.7
Labourers	13.1	10.9	8.0	9.7
Total	100.0	100.0	100.0	100.0
	'000	'000	'000	'000
Total	4,901.9	1,036.4	4,198.0	753.9

(a) Year to June.

Source: ABS 2010 Labour Force Survey

bulk of the increase coming in the past 10 years. The participation rate of people aged 70 years and over remained comparatively low, ranging between 2.7% and 4.5% over this 30 year period.

Lower labour force participation across the older age groups largely reflects declining levels of full-time employment. In the year to June 2010, two-thirds of men aged 55–59 years were employed full time, declining to 44% of those aged 60–64 years, and 18% for those aged 65–69 years. By contrast, the rate of part-time work among older men actually increases with age, from 10% of men aged 55–59 years, to 13% of those between the ages of 60 and 69 years.

The proportion of women employed full time also declines with age, though from a smaller base than for men. In the year to June 2010, 35% of women aged 55–59 years worked full time compared with 18% of women aged 60–64 and 6% of those aged 65–69 years. As with men, in progressively older age groups women who work part time make up a greater share of the shrinking number of labour force participants.

What kind of jobs do they have?

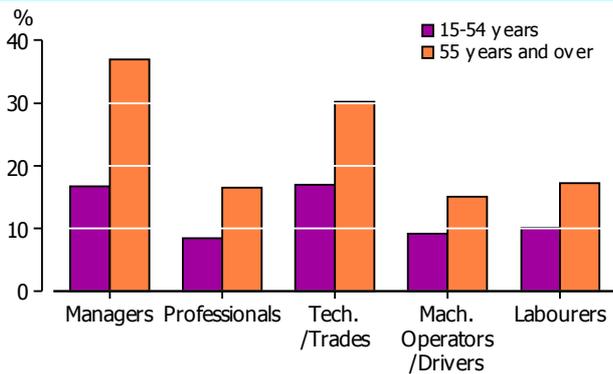
In the year to June 2010, around two in five employed men aged 55 years and over worked as Managers (23%) or Professionals (20%). Older men were more likely to be employed in these higher skilled occupations than their younger counterparts and less likely to be employed in more physically demanding occupations such as Technicians and Trade Workers (18%) and Labourers (11%). However, there were 113,000 men aged 55 years and over working as Labourers. Half of these worked as either Construction and Mining Workers (16%), Factory Workers (16%) or Farm, Forestry and Garden Workers (13%).

The most common occupations among women aged 55 years and over were Clerical and Administrative Workers (28%), followed by Professionals (25%). While these were also the most common occupation groups among younger women, those aged 55 years and over were more likely to be employed as Managers and Clerical and Administrative Workers than their younger counterparts, and less likely to be employed as Sales Workers. There were 72,800 women aged 55 years and over employed as Labourers, more than half (54%) of whom worked as Cleaners and Laundry Workers.

The industry profile of older workers largely resembled that of younger workers, with a couple of notable exceptions. Employed men aged 55 years and over were twice as likely to work in Agriculture, Forestry, and Fishing (7.8% compared with 3.4%). Among older women who worked, around 39% were either in the Health Care and Social Assistance or Education and Training industries, compared with 29% of younger employed women. On the other hand, older women were less likely than their younger counterparts to be employed in Retail Trade (10% compared with 14%), while 5% of older females worked in the Agriculture, Forestry and Fisheries industry compared with 2% of younger females.

Older workers were also more likely than their younger counterparts to be self-employed. Of employed men aged 55 years and over, 24% were self-employed, compared with 12% of younger men. Older men working as Managers were most likely to be self-employed (36%), along with those working as Technicians and Trade Workers (30%). Older men employed as Clerical and Administrative Workers were the least likely to be self-employed (11%).

Proportion of owner managers, selected occupations – 2010(a)



(a) Year to June.

Source: ABS 2010 Labour Force Survey

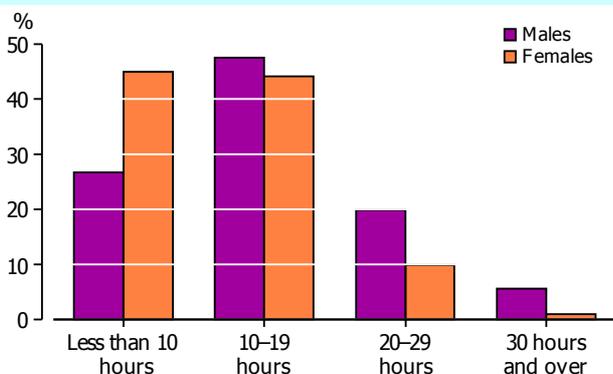
Older women were less likely to be self-employed (15%) than older men. However, they were twice as likely to be self-employed than younger women (7%). The proportion of older women employed as Managers who were self-employed (39%) was similar to that of their male counterparts.

Underemployed older people

As well as encouraging older people to participate in the labour force, there is also a desire to see those who are underemployed increase the hours they work. In the June quarter 2010, there were 837,000 Australians who were underemployed, of whom 97,100 (11.6%) were aged 55 years and over. The underemployment rate among older workers was 4.5% for men and 6.1% for women. The higher rate of underemployment among women partly reflects the fact that women, even in the older age groups, are more likely than men to work part time.

While older workers are less likely to be underemployed than younger workers, on average older workers tend to remain

Underemployed older workers(a), preferred number of extra hours – September 2009



(a) Aged 55 years and over.

Source: ABS *Underemployed Workers, Australia, September 2009* (cat. no. 6265.0)

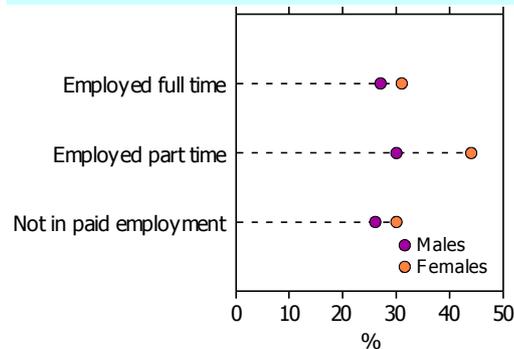
Voluntary work

In 2006 there were 1.4 million Australians aged 55 years and over who did voluntary work. This accounts for around one in three (32%) older women and around one in four (27%) older men. The proportion of older people engaged in voluntary work was relatively consistent across the older age groups. There were 31,100 people who were still volunteering past the age of 85 years.

Among older people who were employed, 38% of women and 28% of men were also engaged in voluntary work. Older women who worked part-time were particularly likely to be volunteers (44%). Among older people who were not in paid employment, 26% of men and 30% of women volunteered, with women aged 55-59 years who were not employed having the highest rate (43%).

Fundraising was the most common voluntary activity among both older men (49%) and older women (55%). Preparing and serving food was also common among older women (48%), while men were more likely to engage in outdoor activities such as maintenance and gardening (44%).

Volunteers aged 55 years and over by labour force status – 2006



Source: ABS 2006 General Social Survey

underemployed for longer. In September 2009, 41% of older underemployed workers had been underemployed for more than a year, compared with 30% of younger underemployed workers. Among older underemployed workers, women were more likely to have been underemployed for more than a year (50%) than men (33%).

In general, older underemployed workers preferred to work fewer extra hours than their younger counterparts. Around a third of older underemployed workers wanted to work less than 10 additional hours per week, while 46% would prefer to work between 10 and 19 extra hours. Around 18% of underemployed workers aged 55 years and over wanted to work 20 or more additional hours a week, compared with 26% of those aged under 55 years.

In general, older men who were underemployed wanted to work more extra hours than older women. Around one in four (27%) older underemployed men wanted to work less than 10 additional hours a week, compared with almost half of underemployed older women (45%). Around a quarter (26%) of

older men who were underemployed preferred to work 20 or more additional hours, compared with only 11% of older underemployed women.

Many older underemployed workers cited their age as one of the key factors preventing them from increasing the hours they work. Of those older underemployed workers who had actively looked for work with more hours in September 2009, 20% cited 'being considered too old by employers' as their main difficulty. However, a lack of vacancies or too many applicants was the most common difficulty, with around half (51%) reporting this as their main difficulty in finding work with more hours.

Education

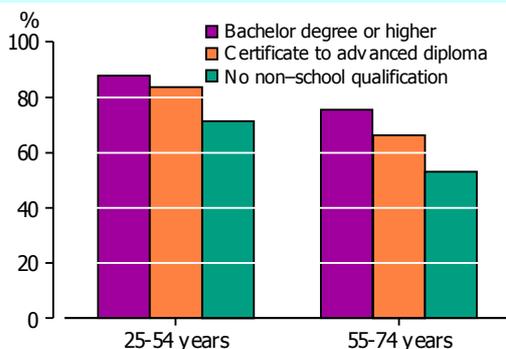
People with higher non-school qualifications were significantly more likely to be employed than those with lower skills. The relationship between education and employment is particularly apparent among older people. In 2009, there were just under half a million people (equal to 18% of those aged 55–74 years) who had a bachelor degree or higher. Of these, around three-quarters (76%) were employed, compared with just over half (53%) of those without a post-school qualification (a difference of 23 percentage points). In contrast, the employment level of younger people with a degree was 16 percentage points higher than those without a non-school qualification.

Unemployment

In the year to June 2010, there were on average 58,100 people aged 55 years and over who were unemployed, with an unemployment rate of 3.1%. While this was higher than in previous years, it was much lower than in the early to mid 1990s when the rate was around 9% for this group.

Although the unemployment rate among older people was around half that of people aged less than 55 years (5.9% in the year to June 2010),

Proportion of persons employed, by highest non-school qualification – 2009



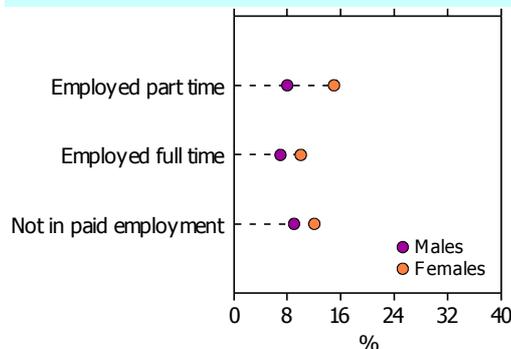
Source: ABS 2009 Survey of Education and Training

Carers

Many older people provide care for relatives and loved ones with disabilities or ill health, thus enabling them to live in the community rather than in institutions. This type of care also makes a valuable contribution to society. Estimates from the 1997 Time Use Survey suggest that voluntary work and caring by older people contributed \$75 billion in that year.⁴ In 2007, there were 490,000 carers aged 55 years and over, equivalent to 10% of people this age. This was slightly higher than the proportion of people aged 15–54 years (7%). Among people aged 55 years and over, women were more likely to be carers (12%) than men were (8%). The provision of care was particularly common among women aged 55–64 years (16%).⁵

Many older people combine caring responsibilities with paid employment. Among older people who were employed, 12% of women and 7% of men were also carers. Carers were more likely to be employed part time than full time. The rate of carers was particularly high among older women working part time (15%).

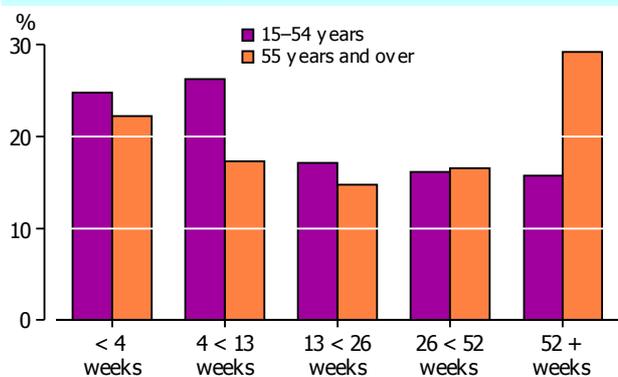
Carers aged 55 years and over by labour force status – 2007



Source: ABS 2007 Survey of Employment Arrangements, Retirement and Superannuation

those older people who do become unemployed tend to be unemployed for longer. In the year to June 2010, 46% of unemployed older people had been looking for work for six months or more, compared with 32% of those aged less than 55 years. However, the numbers of people involved were relatively few – 26,600 people aged 55 years and over were

Duration of unemployment – 2010(a)



(a) Year to June.

Source: ABS 2010 Labour Force Survey

unemployed for six months or more, compared with 185,000 people who were aged less than 55 years.

The main difficulty in finding work reported by around a third of older unemployed people was that they are considered too old by employers (36% of men and 28% of women). Other reasons included that there were no job vacancies in the locality or in their line of work (19%) and that there were too many applicants for the available jobs (15%).

Retirement plans

In looking ahead to future trends in the labour force participation of older people, one of the key factors will be people's plans as they get older, including when and how they intend to retire and what factors will influence their decisions.

In 2008–09 there were 4.3 million Australians in the labour force who were aged 45 years and over. Of these, 575,000 (13%) said they never intended to retire. Of those who did plan to retire, the average intended retirement age was 64.2 years for men and 62.5 years for women. This is slightly older than the average retirement age for people who retired in the previous five years (61.1 years for men and 59.2 years for women), and is in keeping with a trend towards later retirement.⁶

Of those who intend to retire, around two in five (39%) said that financial security would be the main factor in deciding when to retire. A further 11% said that reaching the eligibility age for the age (or service) pension was the main factor for them. Health was also a key consideration with 23% reporting that 'personal health or physical abilities' would be the main factor in their decision on when to retire.

There were around 3 million people aged 45 years and over who were working full time in 2008–09. Around 30% of these intended to shift to part-time work before eventually retiring, while a further 5% intended to take up part-time work but not necessarily retire.

The transition to retirement is not a one-way street, and many people who retire end up re-entering the labour force. Over the course of 2008–09 there were 144,000 people 55 years and over (59% of them women) who came out of retirement and returned to the workforce. Around one third of these said the reason they came back into the labour force was because they were bored (34%), or because an interesting opportunity came up (13%). A further 37% returned to the labour force for financial reasons. This may reflect the impact of the Global Financial Crisis (GFC) on retirement savings, although it should be noted that the survey was partly conducted prior to the onset of the GFC.

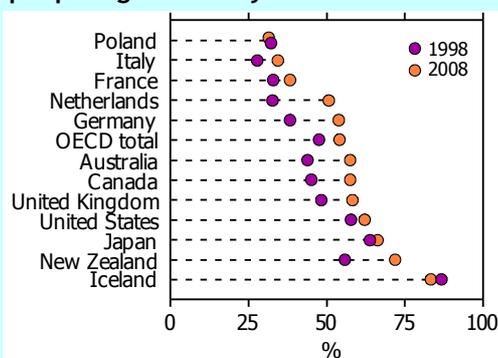
International comparison

In 2008, 57% of Australia's 55–64 year olds were employed. This placed Australia 13th, close to the average across the OECD.⁷

Countries that had higher employment to population ratios for people aged 55–64 included Iceland (83%), New Zealand (72%), Japan (66%) and the USA (62%). A number of countries have taken various approaches to increase older worker participation including raising the official retirement age, anti-discrimination legislation, employer subsidy schemes, and extensive awareness campaigns on the benefits of employing and retaining older workers.

As many countries had sharp recessions following the Global Financial Crisis, it is likely that the employment to population ratios presented here have since decreased as a result of higher unemployment levels. Of the countries shown, those most affected include the USA, UK and Iceland.

Employment to population ratio, people aged 55-64 years



Source: *OECD Factbook 2010* <www.oecd.org>

Older people not in the labour force

In September 2009 there were 3.3 million Australians aged 55 years and over not in the labour force. There were 1.6 million aged 55 to 69 years, and of those, women made up the majority (59%), due to their earlier retirement from the labour force and greater longevity compared with men. Two out of five people aged 55–69 years who were not in the labour force (40%) listed their main activity as being retired or voluntarily inactive. Other main activities reported included home duties (26%, most of whom were women), and long-term health or disability (15%). Of these 1.6 million older people, there were 13% who said that they would like to work compared with 42% of younger people not in the labour force.

People not in the labour force include those who are *marginally attached to the labour force*. That is, they wanted to work and were either actively looking but were unable to start right away, or they were available to start, but not actively looking. In September 2009 there were 184,000 people aged 55 years and over with marginal attachment to the labour force. Almost

Main activity when not in the labour force, people aged 55-69 years – September 2009

	Males	Females	Persons
	%	%	%
Retired/voluntarily inactive	49.8	33.0	39.8
Home duties	7.9	39.0	26.3
Own long-term health disability	21.8	10.5	15.1
Travel, holiday, leisure	7.8	5.0	6.1
Looking after ill/disabled person	4.6	5.3	5.0
Working unpaid voluntary job	4.0	3.0	3.4
Other(a)	*4.1	*4.2	*4.1
Total	100.0	100.0	100.0

* estimate has a relative standard error of 25% to 50% and should be used with caution

(a) Includes caring for children, attending educational institution, own short term illness/injury, other.

Source: ABS *Persons Not in the Labour Force, Australia, September 2009* (cat. no. 6220.0)

all of these people were available to start work, but not actively looking. Around two-fifths of older people in this situation identified personal factors as the main reason they were not looking for work. These included long-term health condition or disability (21%), unspecified personal reasons (17%), and family reasons (8%) such as the ill health of a family member.

Of particular interest to policy makers are a group of people known as *discouraged job seekers*. These are people who stated that they wanted a job and were available to work, but were not looking because they didn't think they would be able to find a job for reasons related to the labour market. Of all the people outside the labour market, discouraged job seekers are seen as most likely to enter the labour market if conditions were to change. In September 2009 there were almost 58,200 older people classified as discouraged job seekers. Around two-thirds of older people in this situation felt that employers considered them too old (64%), while a further 15% said that there were no jobs in their locality or line of work.

Working arrangements and financial considerations are among the key factors that could encourage older people to join the labour force. Of those older people (aged 55–69 years) who wanted and were available to work, but were not actively looking for a job in 2008–09, more than three-quarters (76%) said that the ability to work part time hours would be important in determining whether they joined the labour force. Similarly, being able to work a set number of hours on set days was an important factor for 68% of older people. The majority also said being able to sit down (68%) and take breaks (61%) would be important factors.

Incentives to join the labour force(a), people aged 55-69 years – 2008-09

	%
Being able to work part-time hours	76.1
Being able to sit down some of the time while at work	68.0
Being able to work a set number of hours on set days	67.7
Being able to take breaks	61.1
Being able to keep more of welfare benefits or allowances	43.9
	'000
Total	176.1

(a) Of people who wanted paid work, were available to start but not actively looking.

Source: ABS July 2008 to June 2009 Survey of Barriers and Incentives to Labour Force Participation

Looking ahead

The decision people make about whether and when to retire will depend on a number of factors. These include consideration of health, financial security and other personal reasons, as well as the prevailing economic conditions and labour demands.

With the rebound in the Australian economy following the effects of the GFC, it is likely that the labour market will continue to strengthen for the foreseeable future.⁸ As demand for workers picks up, it is likely to create even greater opportunities for those able to extend their working lives beyond the traditional retirement age. While the labour market may be recovering from the effects of the GFC, its impact on retirement savings may be felt for some time. The need to bolster retirement savings is another factor that is likely to see the trend toward greater labour force participation among older workers continue. Similarly, growing recognition of the value of older workers is likely to reduce some of the barriers that might previously have prevented some from participating in the labour force.

Endnotes

- 1 The Treasury, [The 2010 Intergenerational Report, chapter 4](#), viewed 8 September 2010, <www.treasury.gov.au>.
- 2 The Treasury, [The 2010 Intergenerational Report, chapter 2](#), viewed 22 September 2010, <www.treasury.gov.au>.
- 3 Centrelink, [Age pension - Eligibility](#), viewed 22 September 2010, <www.centrelink.gov.au>.
- 4 de Vaus, D., Gray, M., Stanton, D., October 2003, [Measuring the value of unpaid household, caring and voluntary work of older Australians](#), Australian Institute of Family Studies, viewed 8 September 2010, <www.aifs.gov.au>.
- 5 In order to link care provision to employment, the population of carers used in this article is limited to those who provided care in the week prior to the survey. It also excludes people who provided general child care, or cared for someone who had a short-term illness.
- 6 Department of Families, Housing, Community Services and Indigenous Affairs, 2008, [Women's Experiences of Paid Work and Planning for Retirement](#), viewed 8 September 2010, <fhcsia.gov.au>.
- 7 Organisation for Economic Co-operation and Development, 2010, [OECD Factbook 2010: Economic, Environmental and Social Statistics](#), viewed 8 September 2010, <www.oecd-ilibrary.org>.
- 8 Reserve Bank of Australia, 2010, [Statement on Monetary Policy – August 2010](#), viewed 8 September 2010, <www.rba.gov.au>.