

Disengagement of mature age people from the labour force:

**Reasons, financial outcomes
and access to training**

July 2014

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Publisher: NSPAC ABN 81 101 126 587 ISBN 978-0-9923781-9-6

Suggested citation: Adair T, Lourey E. Disengagement of mature age people from the labour force: reasons, financial outcomes and access to training. National Seniors Productive Ageing Centre: 2014.

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National Seniors Australia (National Seniors) is a not-for-profit organisation that gives voice to issues that affect Australians aged 50 years and over. It is the largest membership organisation of its type in Australia with more than 200,000 members and is the fourth largest in the world.

National Seniors Productive Ageing Centre (NSPAC) is an initiative of National Seniors and the Australian Government. NSPAC's aim is to improve quality of life for people aged 50 and over by advancing knowledge and understanding of all aspects of productive ageing.

NSPAC's key objectives are to:

- Support quality consumer-oriented research informed by the experience of people aged 50 and over
- Inform government, business and the community on productive ageing across the life course
- Raise awareness of research findings that are useful for older people
- Be a leading centre for research, education and information on productive ageing in Australia.

For more information visit productiveageing.com.au or call 03 9650 6144.

Acknowledgements

The authors of this report are Dr Tim Adair and Emma Lourey of the National Seniors Productive Ageing Centre (NSPAC). This report and the associated research were funded by NSPAC. National Seniors Australia and NSPAC gratefully acknowledge the financial and other support provided by the Australian Government Department of Social Services to the NSPAC project. The opinions, comments and/or analysis expressed in this document are those of the authors and do not necessarily represent the views of the Minister for Social Services, and cannot be taken in any way as expressions of government policy.

The 2011-12 Barriers to Employment for Mature Age Australians Survey data used in this paper was collected as part of the research conducted by NSPAC for the Consultative Forum on Mature Age Participation. The Department of Employment funded the survey and the research conducted by the NSPAC for the Forum. The authors acknowledge the Department of Employment's permission to use the survey data for this report.

Executive summary

Background and purpose

To address the economic challenges of the ageing population, recent Federal Governments in Australia have sought to promote increased participation of mature age people in the labour force. Policy interventions to promote longer working lives have included incentives for superannuation and incentives for employers to hire older workers. Other policy interventions include increasing the eligibility for the Age Pension, from 65 to 67 years in 2023, with a proposed further increase announced in the 2014–15 Federal Budget pushing the eligibility age to 70 by 2035.

It is timely to conduct an analysis to understand more about mature age Australians who are not employed. This analysis seeks to answer the following research questions:

- What are the main reasons for mature age people ceasing employment, and which socio-economic groups of the population are most at risk of involuntarily ceasing employment?
- What are the financial outcomes of mature age people who leave the workforce before the age of 65, and what types of Government payments do they receive?
- What is the demand for and access to training among mature age people, in particular groups most at risk of early disengagement from the workforce?

Research methods

The data in this report is taken from the 2011 Census of Population and Housing, the 2008–09 Multipurpose Household Survey and the 2011–12 Barriers to Employment for Mature Age Australians Survey. Data is represented as basic frequencies and crosstabulations. Multivariate analyses in the form of binary and multinomial logistic regressions were employed to analyse specific variables.

Key Findings

Mature age employment and qualifications

People aged 50–69 years with a non-school qualification (i.e. a Certificate, Advanced Diploma or Diploma, Bachelor Degree, Graduate Diploma, Graduate Certificate Level or Postgraduate Degree) were more likely to be employed than those without a non-school qualification. The proportion of females aged 55–64 with a non-school qualification that were employed was 20 percentage points higher than females without a non-school qualification.

Reasons mature age people leave the workforce

Illness and injury (30%) was the most common reason why non-employed people aged 50–69 years ceased their last job. A further 12% of people left their last job because they were retrenched, dismissed or there was no work available. Reaching retirement age was the reason why 23% of people left their last job and 8% of people left because of caring responsibilities.

Manual workers and people without a high school qualification or a non-school qualification were most likely to have left their last job because they were retrenched, dismissed, there was no work available for them, or because of illness, injury or disability. Males were also more likely to have left their last job because of illness, injury or disability. Predicted probabilities derived from a regression model revealed that a non-employed person aged 50–69, who did not have a non-school qualification and who were previously employed in a manual occupation, had a 52% likelihood to have ceased their last job because of illness, injury or disability. People in this group had a 14% likelihood to have ceased their last job because they were retrenched, dismissed or

they left because there was no work available for them. In comparison, people who had both high school and non-school qualifications, and who previously had a non-manual job, had a 23% likelihood to have left their last job because of illness, injury or disability. People in this group had only a 6% likelihood to have been dismissed or to have left because there was no work available for them.

Financial outcomes

Of people who were aged 55–59 years, 88% whose last job ceased for health reasons had retired; 96% who had been retrenched had retired; and 83% who had left their last job for other reasons had retired. Most people who had been non-employed for at least 12 months relied on a government pension or allowance as their primary source of income (70% of non-employed people aged 50–54, 55% of those aged 55–59 and 57% of those aged 60–64). Twenty-nine per cent of non-employed people aged 50–64 received the Disability Support Pension (DSP), 5% received Newstart Allowance, and 5% received the Carer Payment.

People whose last job was a manual occupation and those without non-school qualifications were most likely to receive the DSP. Predicted probabilities derived from a regression model showed that non-employed males aged 50–64, who had not completed high school or who did not have a non-school qualification, whose last job was manual and who left their last job because of being retrenched, had a 55% likelihood to receive the DSP. This compared with a 32% likelihood of all non-employed people who were between 50 and 64 years old. Further, males who had a similar level of education, whose previous job was in a manual occupation and who left their last job for health reasons had a 74% likelihood to receive the DSP.

Only 10% of the spouses or partners of non-employed males were employed in full-time work, with a further 8% in part-time work. For non-employed people whose main income was a government payment, only 10% had a spouse or partner who was receiving income from working.

Demand for and access to training

A majority of mature age workers thought that training would help them gain a promotion or do their job better. Mature age people who were non-employed thought it would help them find a job. This was especially the case for people without non-school qualifications, for those aged 45–54 and for females. Fifty-five per cent of people without non-school qualifications reported attending some training in the past five years compared with 81% who had finished high school and attained a non-school qualification. People in manual occupations and working in manufacturing, construction or mining were also less likely than other workers to have attended training. A little more than one-third of people (37%) found training they wanted but couldn't attend (i.e. had an unmet demand for training). People in manual occupations and without non-school qualifications were least likely to have an unmet demand for training. The main reasons why people had an unmet demand for training were that the training wouldn't fit in with other commitments (64%); that they couldn't afford it (44%); and that the employer wouldn't fund or allow them to attend (33%).

Conclusions

Appropriate training is vital for many mature age people to ensure that their skills are relevant and to increase their employability. There is much need for training to be targeted at higher risk groups, such as those with low qualifications or in manual occupations. The training should be offered at different career stages before mature age people become disengaged from the workforce. Investments in training will help promote longer working lives in the future for mature age people.

Contents

Executive summary	iv
Background and purpose.....	iv
Research methods	iv
Key Findings.....	iv
Conclusions	v
Introduction	2
Background.....	2
Purpose	4
Data and methods	5
Methods of analysis.....	6
Findings	7
Mature age employment and qualifications	7
Reasons why mature age people leave the workforce	8
Financial outcomes.....	11
Demand for and access to training	16
Conclusion	19
Appendix	21

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Introduction

Background

For a number of years, Federal Governments in Australia have sought to promote increased participation of mature age people in the labour force to address the economic challenges of the ageing population.¹ Greater employment of mature age people can benefit the economy through increasing tax revenue and through assisting individuals to have adequate savings to fund their retirement. Such policies have been a priority in many Western countries.²

In Australia, mature age employment has been increasing since the turn of the century, with the proportion of people aged 60–64 years in employment rising from 32% in 2000 to 54% in 2014.³ It has been argued that mature age labour force projections would increase irrespective of policy interventions because of improved education, later commencement of working lives and improved health status, among other factors.⁴ However, over the past decade there have been numerous policy interventions aimed at promoting longer working lives. These have included, but not limited to:

- Incentives for superannuation, such as allowing people to receive an income from their superannuation while also receiving paid income;⁵
- Incentives for employers to hire older workers, such as the recently announced \$10 000 for hiring a person aged 50 years and over⁶; and
- Increasing the eligibility for the Age Pension from 65 to 67 years in 2023, with a proposed further increase (announced in the 2014–15 Federal Budget), to 70 years by 2035.⁷

The proposed increase in the eligibility age of the Age Pension means that many people will need to work longer. Although progressively younger cohorts will have spent a greater number of years of their working lives with compulsory superannuation, only 32% of males and 19% of females currently aged 65–69 are in paid employment.⁸ Further, unemployed mature age workers are out of work for longer periods of time than their younger counterparts. On average, unemployed people aged 55 and over last worked in a full-time job 67 weeks ago, compared with 38 weeks for people aged 15–54.⁹

A number of barriers to employment contribute to mature age people being out of the labour force. Some of the barriers identified include, among others, poor physical and mental health, care-giving responsibilities, discrimination in employment on the basis of age, inflexible employment arrangements, and the nature of the tax-transfer system.¹⁰ Without a reduction in the prevalence of these barriers, there is likely to be a significant number of people who will remain out of work.

¹ Commonwealth of Australia. *Australia to 2050: Future Challenges Intergenerational Report 2010*. Canberra: Commonwealth of Australia. http://www.treasury.gov.au/igr/igr2010/report/pdf/IGR_2010.pdf

² Organisation for Economic Co-operation and Development. *Ageing and Employment Policies: Live Longer, Work Longer*. Paris: OECD, 2006.

³ Australian Bureau of Statistics. *6291.0.55.001 - Labour Force, Australia, Detailed - Electronic Delivery, April 2014*. Canberra: ABS, 2014.

⁴ McDonald P. *Employment at Older Ages: Determinants and Trends* in Griffin T & Beddie F. *Older Workers: Research Readings*. Adelaide: National Centre for Vocational Education Research, 2011. McDonald P & Kippen R. *Ageing: The Social and Demographic Dimensions in Productivity Commission. Policy Implications of the Ageing of Australia's Population*, Canberra: Productivity Commission, 1999.

⁵ McDonald P, 2011 op. cit.

⁶ The payment of \$10 000 is over two years for employers who hire a job seeker aged 50 years or over. Commonwealth of Australia. *Budget 2014–15: Budget Paper No. 2: Budget Measures*. Canberra: Commonwealth of Australia, 2014. http://www.budget.gov.au/2014-15/content/bp2/html/bp2_expense-10.htm

⁷ For women, the Age Pension eligibility age was 60 years until 1995. The current qualification age for the Age Pension is 65 years, increasing to 67 years by 1 July 2023. From 1 July 2025, the Age Pension qualifying age will rise from 67 years to reach 70 years by 1 July 2035. This change applies to people born after 30 June 1958 who claim Age Pension from 1 July 2025. Commonwealth of Australia. *Budget 2014–15: Budget Paper No. 2: Budget Measures*. Canberra: Commonwealth of Australia, 2014. http://www.budget.gov.au/2014-15/content/bp2/html/bp2_expense-21.htm

⁸ Authors' calculation from the 2011 Census of Population and Housing. Australian Bureau of Statistics, *TableBuilder Pro*. Canberra: ABS, 2012.

⁹ These figures are for the months November 2013–April 2014. Australian Bureau of Statistics. *6291.0.55.001 - Labour Force, Australia, Detailed - Electronic Delivery, Apr 2014*. Canberra: ABS, 2012. <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6291.0.55.001Apr%202014?OpenDocument>

¹⁰ Adair T & Temple J. *Barriers to mature age employment: Final report of the Consultative Forum on Mature Age Participation*. Canberra: NSPAC, 2012.

Past research provides insights into which groups of mature age people are most at risk of being out of the workforce. A significant body of literature has demonstrated the negative effects of ill health, injury and disability on early retirement, unemployment, and the ability to re-enter employment.^{11, 12, 13, 14, 15,16} Health issues are particularly pertinent to mature age people because chronic illness and disability become more prevalent with age.^{17, 18}

Physical health is particularly a problem for people in manual occupations. Working in these occupations generally becomes more difficult as a person ages. Additionally, restructuring of the economy in recent decades has resulted in a shift away from blue collar to white collar occupations. This has placed mature age workers, who have worked in industries such as manufacturing for their whole careers at risk of unemployment because of a lack of demand for their skills.

Being out of work when a person is in their fifties and sixties can have significant consequences for their ability to fund their retirement. This is a period where contributions to superannuation are commonly at their highest level because children have moved out of home or the mortgage has been paid off. Unemployment at these ages can have a significant effect for women, who already have much lower superannuation balances than men because of workforce absences throughout their career due to having children and care-giving responsibilities.

Workforce disengagement above the age of 50 also affects the finances of households. Australian research has revealed that baby boomer men and women are more likely to be in full-time employment if their partner is also employed.¹⁹ The increase in the Age Pension is also likely to shift many people on to other government payments. A study of the rise in the Age Pension age for women revealed an increase in the number receiving the Disability Support Pension (DSP) as a result of this change.²⁰

¹¹ Cai L & Kalb G. Health status and labour force status of older working-age Australian men. *Australian Journal of Labour Economics* 10: 227-52, 2007.

¹² NSW MACA. *Work and Older People Roundtable Discussion Report*. Tweed Heads: NSW Ministerial Advisory Committee on Ageing, 2009. http://www.maca.nsw.gov.au/_data/assets/pdf_file/0015/232044/Work_and_Older_People_Report_Low_res.pdf

¹³ Cobb-Clark DA & Stillman S. *The Retirement Expectations of Middle-Aged Individuals*. IZA DP No. 2449, 2006. <http://dspace-prod1.anu.edu.au/bitstream/1885/45260/1/DP540.pdf>

¹⁴ Kalwij A & Vermeulen F. Health and labour force participation of older people in Europe: What do objective health indicators add to the analysis? *Health Economics*, 2007. DOI: 10.1002/hec.1285.

¹⁵ Millward C & Brooke L. Should we work for longer? Public expectations about older workers and retirement. in Denmark et. al., eds. *Australian Social Attitudes 2: Citizenship, Work and Aspirations*. Chapter 7, pp.147-73, Sydney: UNSW Press, 2007.

¹⁶ Smeaton D, Vegeris S, Sahin-Dikmen M. *Older Workers: Employment Preferences, Barriers and Solutions*. Equality and Human Rights Commission Research Report Series. London: Policy Studies Institute, 2009. Available at http://equalityhumanrights.com/uploaded_files/research/older_workers_employment_preferences_barriers_and_solutions_v2.pdf

¹⁷ PricewaterhouseCoopers. *Workplace wellness in Australia, Aligning action with aims: Optimising the benefits of workplace wellness*. PricewaterhouseCoopers, 2010.

¹⁸ Australian Bureau of Statistics. *4430.0 - Disability, Ageing and Carers, Australia: Summary of Findings, 2012*. Canberra: ABS, 2014.

¹⁹ Warren D. Retirement expectations and labour force transitions: the experience of the baby boomer generation. Melbourne Institute of Applied Economic and Social Research working paper series no.24/08. Melbourne: Melbourne Institute of Applied Economic and Social Research, 2008.

²⁰ Atalay K & Barrett G. The Impact of Age Pension Eligibility Age on Retirement and Program Dependence: Evidence from an Australian Experiment. SEDAP Research Paper No. 295. Hamilton: McMaster University, 2012.

Training and re-skilling programs have been identified by the Intergenerational Report 2010 as a key public policy priority in Australia to ensure that mature age people have current skills to improve their prospects in employment.²¹ Long-term underinvestment in re-training and skills development is a reason why many mature age people face barriers to employment.²² Mature age workers have been found to have lower rates of participation in training compared with younger workers.²³ In particular, it is mature age Australians with low levels of qualifications, outdated skills, or skills associated with declining industries or occupations that face a lack of appropriate training opportunities to upgrade their skills.^{24, 25}

A number of specific barriers to accessing training by mature age workers have been identified. Many employers underinvest in training because they perceive that mature age workers have an insufficient number of years left in the workforce to provide an adequate return on the employer's investment.^{26, 27} There are also stereotypes around mature age workers being unable or unwilling to learn new skills.^{28, 29, 30} However, some research revealed that many mature age people found value in training and showed a willingness to learn new skills.³¹ Even so, where the individual has to pay for their own training, some may not believe it will be worthwhile because of a limited number of years remaining in the workforce.^{32, 33}

Purpose

Given that the eligibility age for the Age Pension will be increasing in the coming years, it is timely to conduct an analysis to understand more about mature age Australians who are not employed. This analysis seeks to answer the following research questions:

- What are the main reasons for mature age people ceasing employment, and which socio-economic groups of the population are most at risk of involuntarily ceasing employment?
- What are the financial outcomes of mature age people who leave the workforce before the age of 65, and what types of government payments do they receive?
- What is the demand for and access to training among mature age people, in particular groups most at risk of early disengagement from the workforce?

²¹ Commonwealth Government 2010, op. cit.

²² Taylor P, Brooke L, McLoughlin C, Di Biase T. Older workers and organizational change: corporate memory versus potentiality. *International Journal of Manpower*. 31: 374–386.

²³ Spoehr J, Barnett K, Parnis E. *Experience Works: The Mature Age Employment Challenge*. Canberra: National Seniors Productive Ageing Centre, 2009.

²⁴ Spoehr et al. 2009, op. cit.

²⁵ Lundberg D. & Marshallay Z. *Older Workers' Perspectives on Training and Retention of Older Workers*. NCVER: Adelaide, 2007.

²⁶ Encel S & Studencki H. Older workers: can they succeed in the job market? *Australasian Journal on Ageing*. 23: 33–7, 2004.

²⁷ Hanley G, McKeown T, O'Connell M. A novel way to improve the labour market attachment of older Australian workers. Working Paper 9/07. Melbourne: Department of Management, Monash University, 2007.

²⁸ Spoehr et al. 2009, op. cit.

²⁹ Bittman M, Flick M, Rice J. *The Recruitment of Older Australian Workers: a Survey of Employers in a High Growth Industry*. Sydney: Social Policy Research Centre University of New South Wales, 2001.

³⁰ Steinberg M. Attitudes of employees and employers towards older workers in a climate of anti-discrimination. *Australian Journal on Ageing*. 15: 154–158, 1996.

³¹ Irving P, Steels J, Hall N. *Factors affecting the labour market participation of older workers: qualitative research*. London: Department for Work and Pensions, 2005.

³² Irving et al. op. cit., 2005

³³ Kerr L, Carson E, Goddard J. Contractualism, employment services and mature aged job seekers: The tyranny of tangible outcomes. *Australian Review of Public Affairs*. 3: 83–104, 2002.

Data and methods

The data in this report is taken from three sources:

- The 2011 Census of Population and Housing
- The 2008–09 Multipurpose Household Survey (MPHS)
- The 2011–12 Barriers to Employment for Mature Age Australians Survey.

The 2011 Census of Population and Housing was conducted in August 2011 by the Australian Bureau of Statistics (ABS). The data was accessed using the ABS *TableBuilder* program.³⁴

The MPHS was conducted between July 2008 and June 2009 by the ABS as a supplement to the ABS Labour Force Survey.³⁵ The 2008–09 MPHS collected data on a range of topics, including retirement and retirement intentions, barriers and incentives to labour force participation, and a range of socio-economic and demographic information. The MPHS Confidentialised Unit Record File (CURF) was accessed through the ABS Remote Access Data Laboratory (RADL).³⁶ This is the most recent data available to analyse workforce disengagement in such detail. The ABS has published more recent data on these topics, but has not released the CURF for researchers to analyse in more detail.

The 2011–12 Barriers to Employment for Mature Age Australians Survey was developed by the National Seniors Productive Ageing Centre (NSPAC) in collaboration with ORC International. The fieldwork was conducted by ORC International between November 2011 and January 2012.³⁸ The survey was commissioned by the Consultative Forum on Mature Age Participation, which comprised representatives from business, training organisations, trade unions and seniors organisations. The survey collected information on the experiences, attitudes and perceptions of the barriers to employment for Australians aged between 45 and 74 years. A total of 3007 respondents aged 45–74 years were surveyed. The sample was stratified according to place of residence (capital city or rest of state). Final results were presented as weighted to the Australian estimated resident population as at June 2011, according to age, sex and stratum.³⁹ Many of the figures used in this report were previously published by NSPAC in 2012; the location of these figures in the 2012 report is shown.⁴⁰ Additional figures are based on the authors' calculations of data from this survey.

³⁴ Australian Bureau of Statistics. op. cit., 2012.

³⁵ Australian Bureau of Statistics. *Technical Manual, Multipurpose Household Survey, Expanded CURF, Australia, 2008–09*. Canberra: ABS, 2010.

³⁶ Australian Bureau of Statistics. *Remote Access Data Laboratory (RADL)*. Canberra: ABS, 2014.

³⁷ Australian Bureau of Statistics. *6238.0 - Retirement and Retirement Intentions, Australia, July 2012 to June 2013*, Canberra: ABS, 2014. Comparison can be made between the published results from the 2008–09 MPHS and 2012–13 MPHS. Employment increased between the surveys. The proportion of people aged 55–64 in employment was 60.1% in the 2008–09 MPHS and was 64.6% in the 2012–13 MPHS. However, the reasons for ceasing employment were very similar. The proportion of people who retired between ages 55–64 who left their last job because of own sickness, injury or disability fell slightly from 19.9% in the 2008–09 MPHS to 19.1% in the 2012–13 MPHS. The proportion of this population, who left their last job because of being retrenched, dismissed, or there was no work available increased slightly from 9.1% in the 2008–09 MPHS to 10.6% in the 2012–13 MPHS.

³⁸ National Seniors Productive Ageing Centre. *Ageing and the barriers to labour force participation in Australia: Report prepared on behalf of the Consultative Forum on Mature Age Participation*. Canberra: NSPAC, 2011.

³⁹ Australian Bureau of Statistics. 3101.0 - *Australian Demographic Statistics*, June 2011. Canberra: ABS, 2011.

⁴⁰ Adair T & Temple J. op. cit., 2012.

Methods of analysis

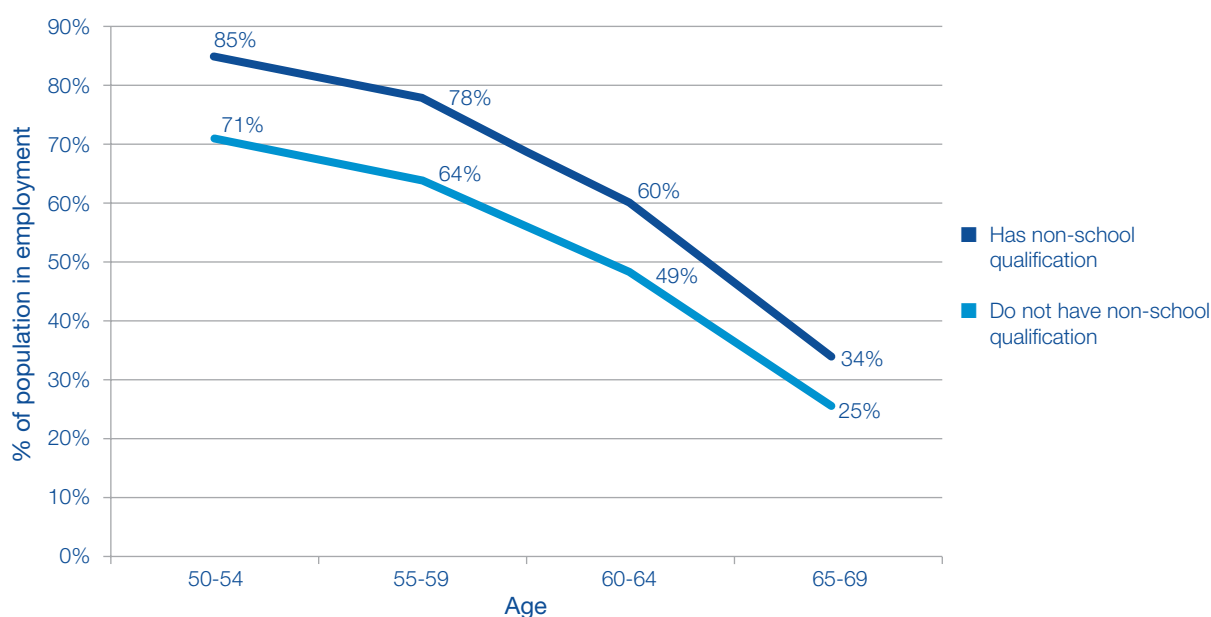
The data is presented as basic frequencies and crosstabulations. For the bivariate analyses from the 2011–12 Barriers to Employment for Mature Age Australians Survey, significant testing was used to indicate whether there was a significant difference in the proportion between that particular category and the reference category. Multivariate analyses were also employed to analyse some of the data. A multinomial logistic regression was conducted to examine the predictors of the reason for the respondent having ceased their last job. A binary logistic regression was also conducted to analyse the predictors of receiving the Disability Support Pension (DSP). Predicted probabilities using the results from these regressions were presented to show the likelihood of people with different combinations of characteristics of experiencing specific outcomes from the dependent variable in the model. The statistical software package, Stata 11.2 was used to conduct these analyses.

Findings

Mature age employment and qualifications

Continued engagement in employment is far more likely for people with a non-school qualification than for those without a non-school qualification (*Figures 1 and 2*).⁴¹ For males, the difference in the percentage of the population in employment between those with and without a non-school qualification ranged from 14 percentage points at ages 50–54 years to nine percentage points at age 65–69. The differences were larger for females, reaching 20 percentage points at ages 55–59 and 60–64. At ages 65–69, the proportion of females with a non-school qualification in employment was 26%, double the figure (13%) for females without a non-school qualification.

Figure 1: Male employment participation (per cent of population), by age and whether they have a non-school qualification

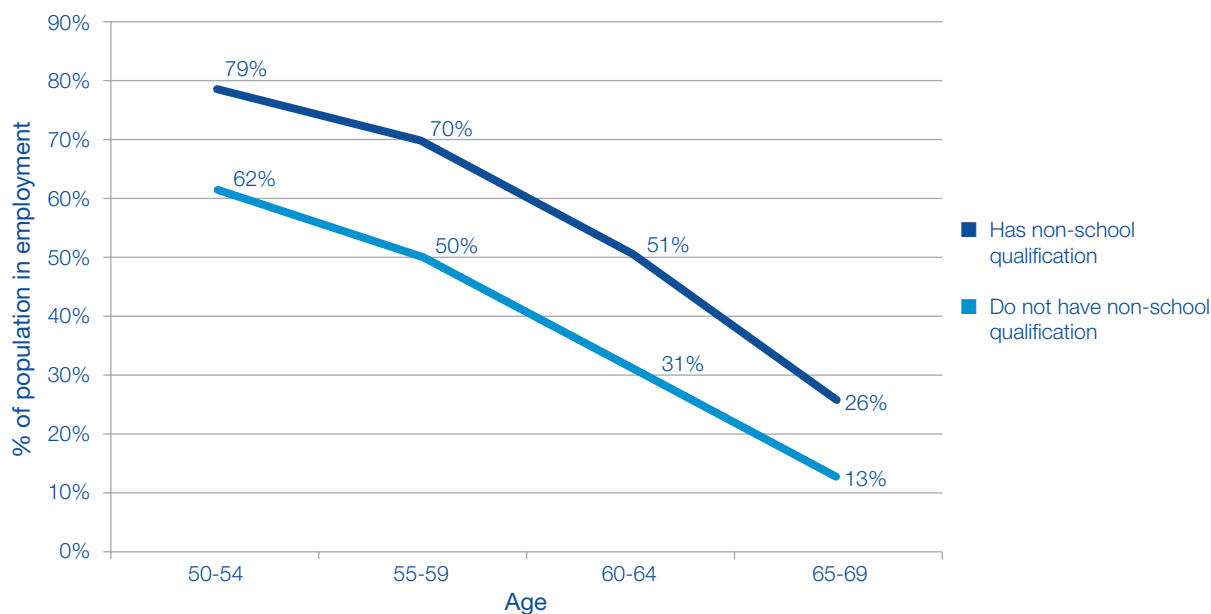


Non-school qualification: Certificate, Advanced Diploma or Diploma, Bachelor Degree, Graduate Diploma, Graduate Certificate Level or Postgraduate Degree

Source: 2011 Census of Population and Housing

⁴¹ Non-school qualification includes a Certificate, Advanced Diploma or Diploma, Bachelor Degree, Graduate Diploma, Graduate Certificate Level or Postgraduate Degree.

Figure 2: Female employment participation (per cent of population), by age and whether they have a non-school qualification



Non-school qualification: Certificate, Advanced Diploma or Diploma, Bachelor Degree, Graduate Diploma, Graduate Certificate Level or Postgraduate Degree

Source data: 2011 Census of Population and Housing

Reasons why mature age people leave the workforce

Illness and injury (30%) was the most common reason why mature age people ceased their last job (Table 1). A further 12% of people left their last job because of being retrenched, dismissed or because there was no work available. Therefore, a total of 42% of people aged 50–69 years involuntarily ceased their last job.⁴² Males (51%) and people aged 50–54 (53%) were most likely to leave their jobs because of sickness and injury. For all people aged 50–69, 23% left their last job because they reached retirement age, while 8% left because of caring responsibilities.

Table 1: Reason ceased last job*, per cent of people aged 50–69 and not employed for at least 12 months, by sex and age

	Male	Female	50–54	55–59	60–64	65–69	Total
Own sickness, injury or disability	38.6	23.0	38.8	35.0	31.6	23.0	30.0
Retrenched, dismissed, or no work available	12.7	11.6	13.7	11.9	12.8	11.0	12.1
<i>Involuntary**</i>	51.3	34.6	52.5	46.9	44.1	34.0	42.1
Reached retirement age	28.0	18.7	0.5	12.5	20.5	37.9	22.9
Caring responsibilities	3.6	12.1	17.0	6.2	6.3	7.9	8.3
Other***	17.2	34.5	30.0	34.4	28.8	20.2	26.8
Total	100	100	100	100	100	100	100

* Ceased job in the last 20 years

** Involuntary is the sum of 'own sickness, injury or disability and retrenched, dismissed, or no work available'

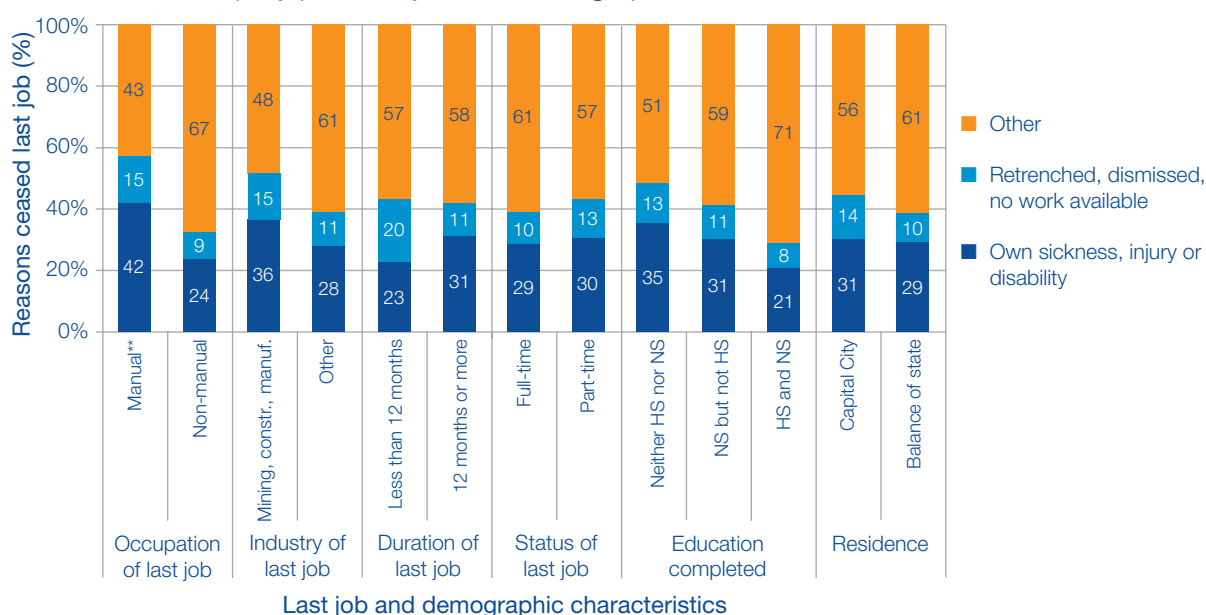
*** Other includes 'temporary/seasonal/holiday job, own business closed down or sold, unsatisfactory work arrangements/wanted to work part-time, to coincide with partner's, retirement/spouse transferred, reached retirement age/eligible for superannuation/pension, own sickness, injury or disability, or to have holiday/pursue leisure activities'

Source data: 2008–09 MPHS

⁴² 'Involuntary' is defined as people ceasing work because of 'Own sickness, injury or disability' or 'Retrenched, dismissed, or no work available'. People in the 'Caring responsibilities' category may either cease work voluntarily or involuntarily. However, as it is not possible to ascertain from the data which respondents in this category ceased work involuntarily, they are not classified as such.

People who worked in manual occupations had a higher rate of involuntarily leaving their last job than those who did not work in manual jobs (Figure 3). Forty-two per cent of people who last worked in a manual occupation left because of their own sickness, injury or disability, compared with 24% of people whose last job was in a non-manual occupation. Further, being retrenched was more common in manual (15%) than non-manual occupations (9%). Health issues were also more common in people who worked in the mining, construction or manufacturing industries (36%) and in people whose last job had lasted at least 12 months (31%) and who had neither completed high school nor a non-school qualification. The rate of retrenchment or dismissal from the previous job was also highest (20%) among people who had worked for less than 12 months in that job.

Figure 3: Reason ceased last job* (per cent of people aged 50–69 years and not employed for at least 12 months), by previous job and demographic characteristics



* Ceased job in the last 20 years

** Manual occupation: technicians and trades workers, machinery operators and drivers, labourers

HS: completed Year 12 of high school

NS: non-school qualification

Other includes 'temporary/seasonal/holiday job, own business closed down or sold, unsatisfactory work arrangements/wanted to work part-time, to coincide with partner's, retirement/spouse transferred, reached retirement age/eligible for superannuation/pension, own sickness, injury or disability, or to have holiday/pursue leisure activities, plus caring responsibilities'

Source data: 2008–09 MPHS

Manual workers were most at risk of having ceased their last job because of sickness, injury and disability (Table 2). When compared with non-manual workers, manual workers had 2.4 times the odds of ceasing their last job because of health reasons (as opposed to other reasons). When compared with people who had completed both high school and had a non-school qualification, males and people who had not attained a non-school education were also more likely to have ceased their last job because of ill health and disability. If a person was in their last job for at least 12 months, they were more likely to have ceased that job for health reasons when compared with a person who had been in the job for less than 12 months. Health reasons became less important as age increased. Manual workers and people without either a high school or non-school qualification were also most likely to have left their last job because they were retrenched, dismissed or because there was no work available for them. People living in capital cities were more likely than people living in rural or regional areas to have been retrenched from their last job. There were, however, no sex differences in the likelihood of being retrenched. Type of industry was not included in this regression analysis because of its strong correlation with occupation.

Table 2: Multinomial logistic regression of reason ceased last job, people age 50–69 and not employed for at least 12 months

	Odds ratio	p-value	Lower 95% CI	Upper 95% CI
Retrenched, dismissed, no work available versus other				
Last occupation (Ref. Non-manual)	1			
Manual	1.675*	0.043	1.016	2.762
Duration of last job (Ref. Less than 12 months)	1			
12 months or more	0.539	0.061	0.282	1.029
Last job status (Ref. Full-time)	1			
Part-time	0.803	0.478	0.437	1.473
Education (Ref. No NS)	1			
NS but not HS	0.936	0.816	0.537	1.631
HS and NS	0.286**	0.001	0.132	0.619
Residence (Ref. Capital city)	1			
Balance of state	0.586*	0.030	0.362	0.949
Sex (Ref. Male)	1			
Female	0.752	0.264	0.456	1.240
Age (single years)	0.981	0.447	0.935	1.030
Own sickness, injury or disability versus other				
Last occupation (Ref. non-manual)	1			
Manual	2.442**	0.000	1.680	3.550
Duration of last job (Ref. Less than 12 months)	1			
12 months or more	1.954*	0.033	1.057	3.615
Last job status (Ref. full-time)	1			
Part-time	0.782	0.303	0.489	1.250
Education completed (Ref. Neither HS nor NS)	1			
NS but not HS	0.700	0.112	0.451	1.088
HS and NS	0.414**	0.000	0.252	0.678
Residence (Ref. Capital city)	1			
Balance of state	0.795	0.200	0.558	1.130
Sex (Ref. Male)	1			
Female	0.489**	0.000	0.335	0.712
Age (single years)	0.911**	0.000	0.880	0.944

* $p < 0.05$, ** $p < 0.01$

Ref.: Reference category

HS: completed Year 12 of high school

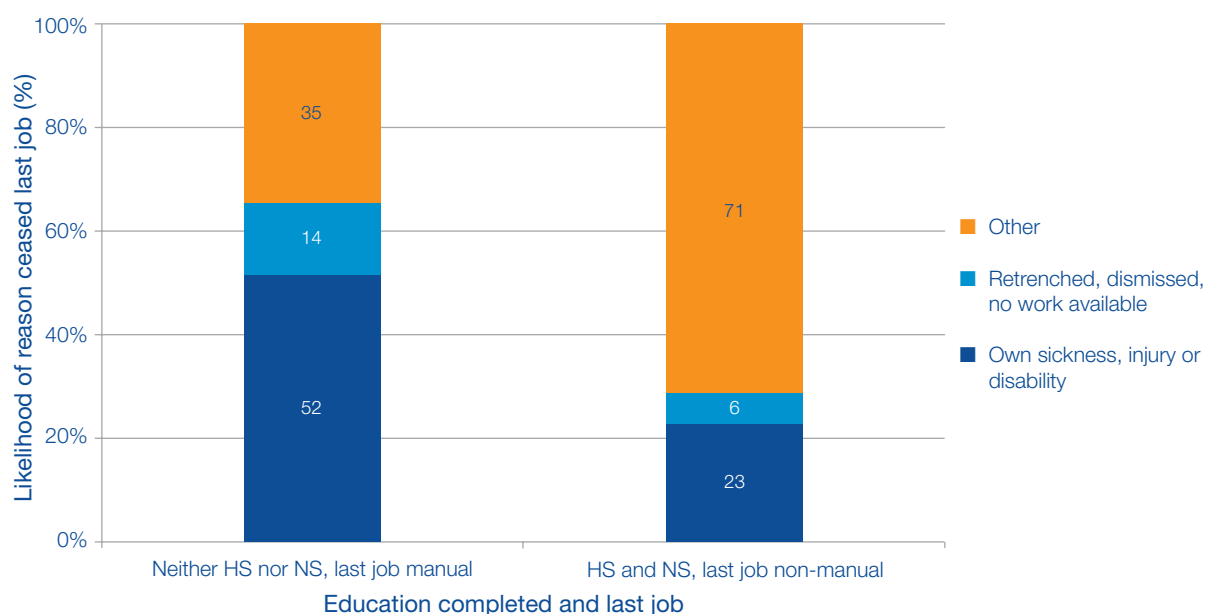
NS: non-school qualification

CI: confidence interval

Source data: 2008–09 MPHS

Predicted probabilities from the regression analysis showed the stark differences in how people of different education and occupation types ceased their last job (*Figure 4*). People who were not employed, who had not completed a non-school qualification and whose last occupation was manual had a 52% likelihood to have ceased their last job because of illness, injury or disability. A further 14% of people in this category were likely to have ceased their last job because they were retrenched, dismissed or because there was no work available for them. In comparison, of people who had both high school and non-school qualifications, and whose last job was in a non-manual occupation there was a 23% likelihood to have left their last job for involuntary reasons left because of health reasons, and a 6% likelihood that they were retrenched, dismissed or there was no work available for them.

Figure 4: Predicted probabilities from regression analysis of how a non-employed person ceased their last job (per cent of people aged 50–69 years and not employed for at least 12 months)



HS: completed Year 12 of high school

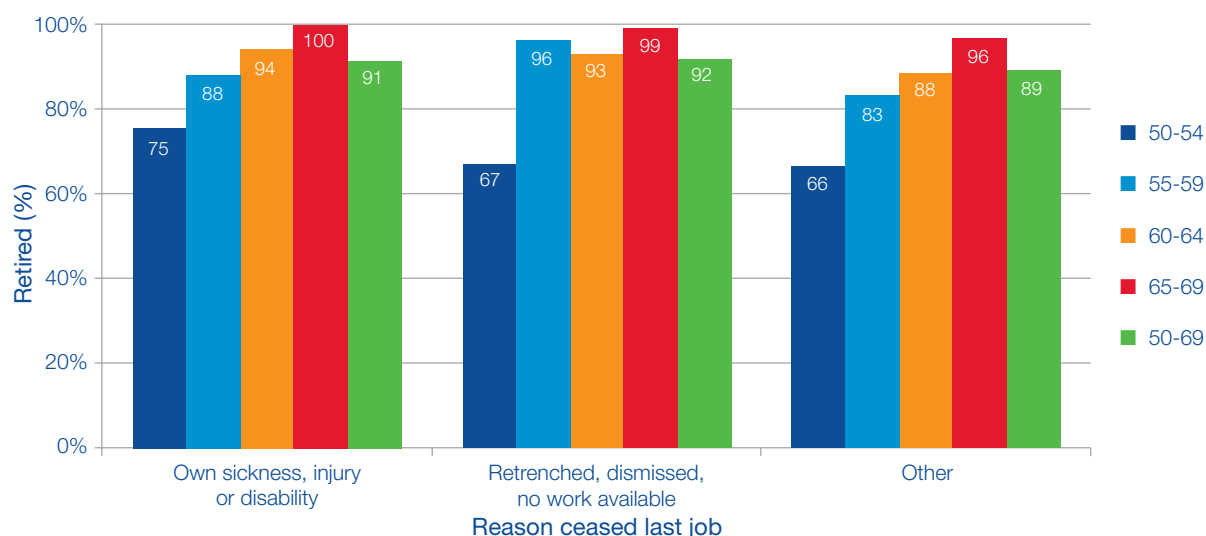
NS: non-school qualification

Source data: Predicted probabilities from regression analysis in Table 3

Financial outcomes

The vast majority of people who had been not employed for at least 12 months had retired, that is they did not intend to look for or take up work in the future (*Figure 5*). This is especially the case for people aged 55 years and over. For example, at ages 55–59, 88% of people whose last job ceased for health reasons had retired, 96% who had been retrenched had retired and 83% who had left their last job for other reasons had retired.

Figure 5: Percentage of people who were non-employed for at least 12 months that are retired, by reason they left last job and age



Most people who have not been employed for at least 12 months relied on a government pension or allowance as their primary source of income (*Table 3*). A government payment was the main income source for 70% of non-employed people aged 50–54, 55% of those aged 55–59 and 57% of those aged 60–64. A government pension or allowance was much more likely to be the primary source of income for people who had ceased their last job because of health reasons or retrenchment. It was also the primary source of income for those who had not completed a non-school qualification and people who had previously worked in a manual occupation, especially if they were at least 55 years old. Notably, 81% of non-employed people aged 60–64 who had previously worked in a manual occupation were receiving a government payment as their main source of income, compared with 42% whose last job was non-manual.

Table 3: Main income source is a government pension/ allowance, non-employed for at least 12 months, by age and selected characteristics

	Age		
	50–54	55–59	60–64
<i>Sex</i>			
Male	79.5	56.9	56.6
Female	71.4	56.2	54.5
<i>Reason ceased last job</i>			
Own sickness, injury or disability	78.8	72.2	85.2
Retrenched, dismissed, or no work available	74.8	85.1	66.7
Other	70.2	39.6	36.2
<i>Education completed</i>			
Neither HS nor NS	91.9	80.7	71.7
NS but not HS	62.1	57.5	46.9
HS and NS	65.3	16.2	35.6
<i>Occupation of last job</i>			
Manual	86.2	79.0	80.6
Non-manual	56.9	42.7	41.8
Total	70.2	55.2	56.6

HS: completed Year 12 of high school
NS: non-school qualification

The DSP was clearly the most common government payment received by non-employed people aged 50–64 (Table 4). Twenty-nine per cent of these people received the DSP, 5% received Newstart (10% if they were aged 50–54), and 5% received the Carer Payment.

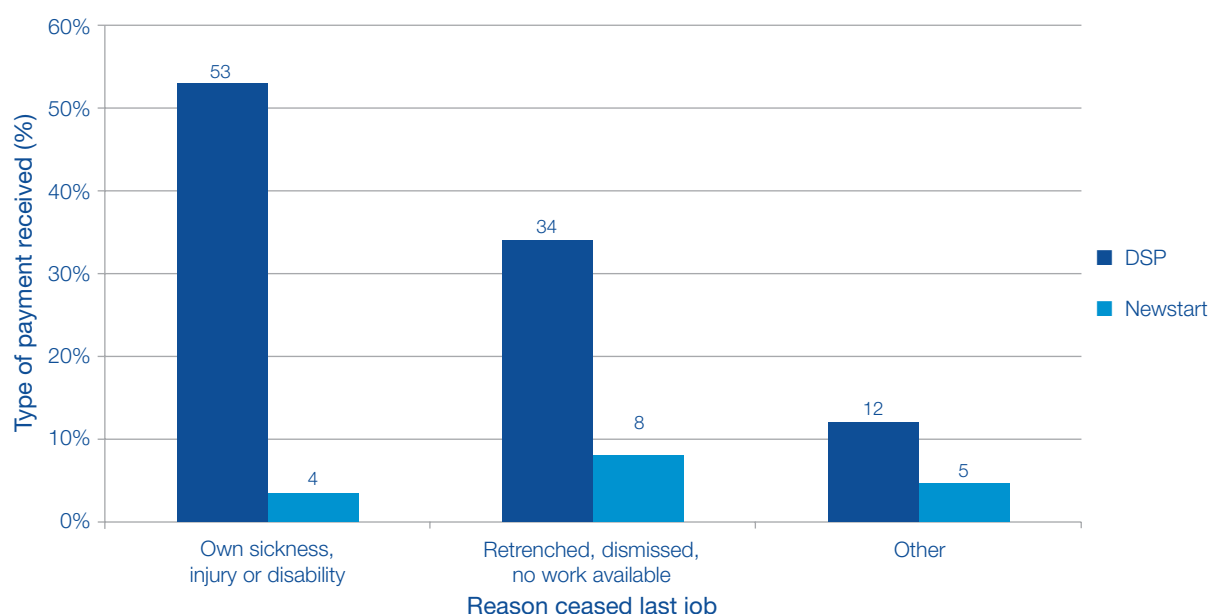
Table 4: Type of Government payment received^a (per cent of all people non-employed for at least 12 months), by age

	Age			
	50–54	55–59	60–64	50–64
Disability Support Pension (DSP)	31.5	30.7	26.3	28.7
Carer Payment	9.6	5.3	3.0	5.0
Newstart Allowance	10.4	3.3	3.5	4.9
Carer Allowance	3.4	4.6	4.3	4.2
Service Pension (DVA)	0.0	3.7	3.7	2.9

^a If a Government pension or allowance is the main source of income

People who ceased their last job because of health problems were most likely to receive the DSP (53%) (Figure 6). However, more than one-third (34%) of people who were retrenched from their last job received the DSP, compared with only 8% of people who received Newstart.

Figure 6: Percentage of people receiving Disability Support Pension (DSP) or Newstart (per cent of all people aged 50–64 non-employed for at least 12 months), by reason they ceased their last job



A logistic regression analysis was conducted to examine the predictors of receiving the DSP (Table 5). The regression confirms that both people who ceased their last job because of health problems and people who were retrenched were far more likely to receive the DSP than people who left for other reasons. Further, people whose last job was a manual occupation were more likely than their counterparts to receive the DSP, even after controlling for health problems being the reason they left their last job. Having a higher level of education negatively predicted the likelihood of receiving the DSP.

Table 5: Binary logistic regression of receiving Disability Support Pension^a, people non-employed for at least 12 months

	Odds ratio	p-value	Lower 95% CI	Upper 95% CI
Age group (Ref. 50–54)	1			
55–59	1.273	0.477	0.654	2.477
60–64	0.680	0.213	0.371	1.247
Education (Ref. Neither HS nor NS)	1			
NS but not HS	0.621	0.122	0.339	1.136
HS and NS	0.457*	0.022	0.234	0.892
Sex (Ref. Male)	1			
Female	0.479**	0.003	0.293	0.784
Reason ceased last job (Ref. Other)	1			
Retrenched, dismissed, or no work available	2.981**	0.003	1.466	6.064
Own sickness, injury or disability	5.595**	0.000	3.330	9.400
Last occupation (Ref. non-manual)	1			
Manual	1.855*	0.015	1.130	3.044

^a If a Government pension or allowance is the main source of income

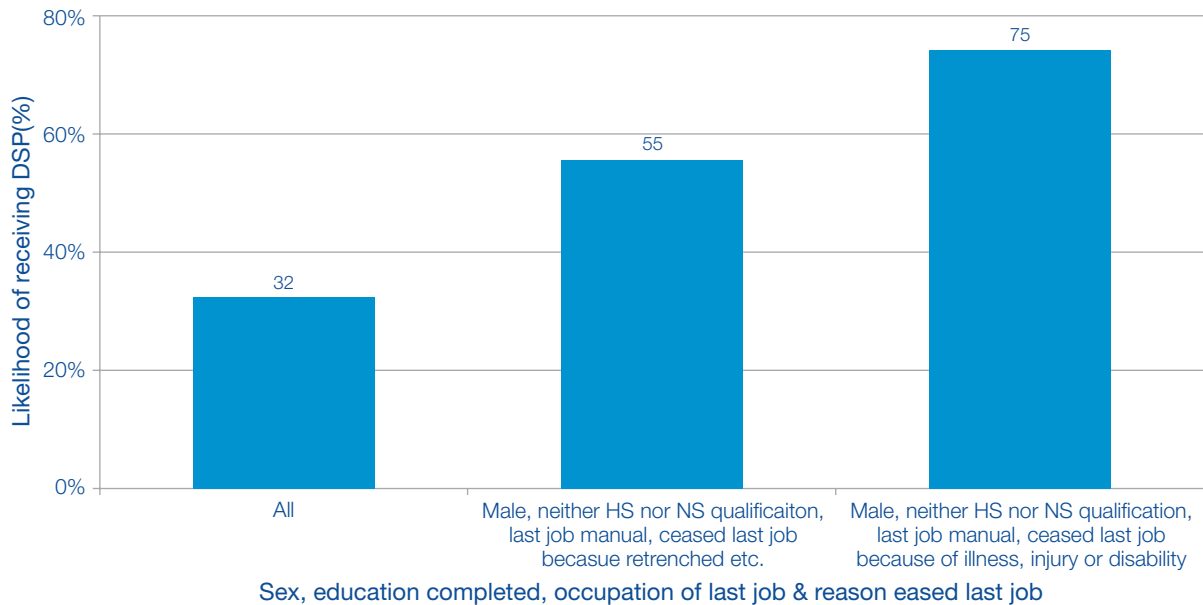
* $p < 0.05$, ** $p < 0.01$

NS: non-school qualification, HS: completed Year 12 of high school, Ref.: Reference category, CI: confidence interval

The bivariate statistics for the analysis are shown in Table A.1 (see Appendix).

Predicted probabilities derived from this regression show that non-employed males aged 50–64 who had not completed high school or a non-school qualification, whose last job was manual and who left their last job because they were retrenched had a 55% likelihood to have received the DSP (Figure 7). On the other hand, 32% of all non-employed people in this age group received the DSP. Further, for males who had not completed high school or a non-school qualification, whose last job was manual and who left their last job for health reasons, there was a 74% likelihood that they received the DSP.

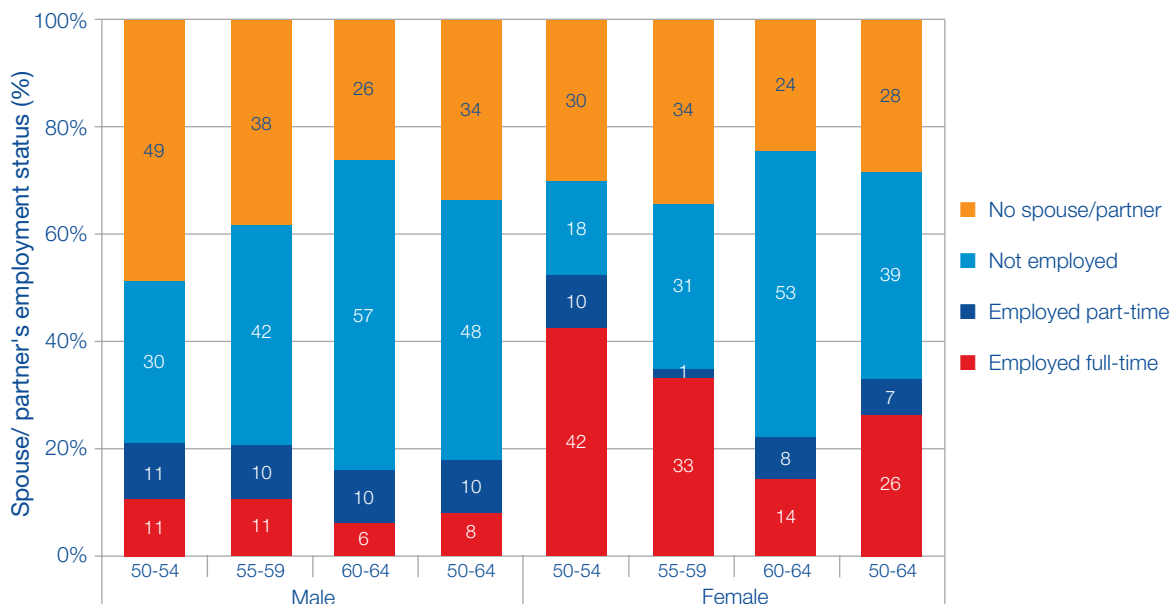
Figure 7: Predicted probabilities of receiving Disability Support Pension^a, (per cent of people aged 50–64 who had been non-employed for at least 12 months)



^a If a Government pension or allowance is the main source of income.
 NS: non-school qualification
 Source data: Predicted probabilities derived from regression in Table 6.

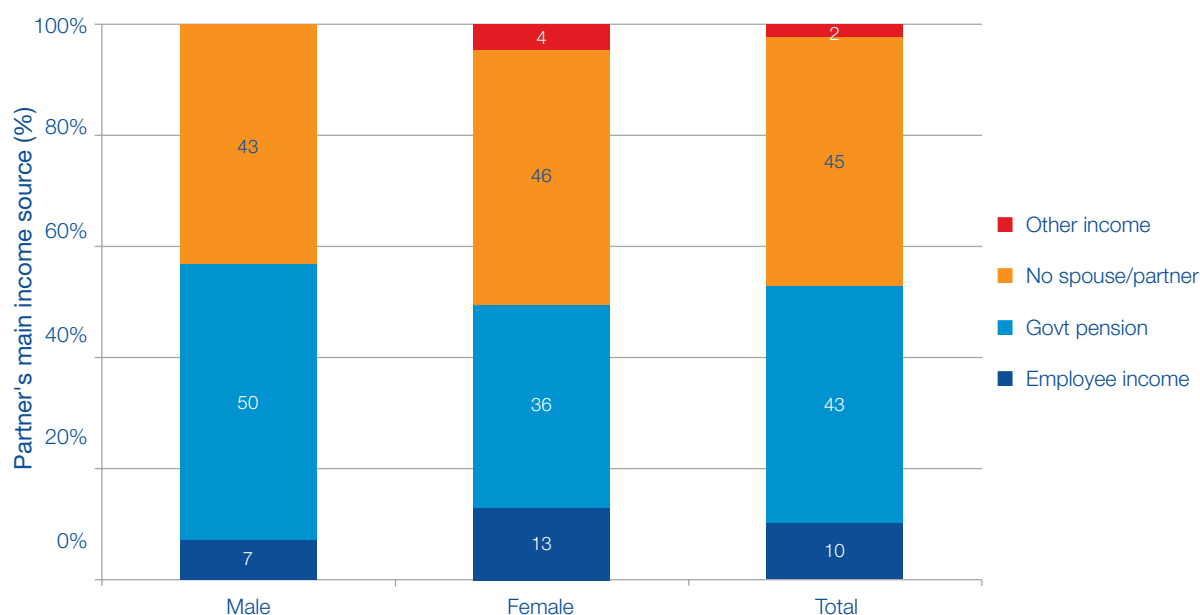
The employment status of the spouse or partner of non-employed mature age people is shown in Figure 8. Only 10% of the spouses/partners of males were employed in full-time work and 8% were in part-time work. These figures were similar across each age group. A much higher proportion of the spouses/partners of non-employed females were employed (33%), especially the spouses/partners of females in their fifties. The figures show that the vast majority of non-employed people, especially males, do not have financial support in the form of income from a spouse/partner who is employed.

Figure 8: Spouse/partner’s employment status (per cent of people aged 50–64 who had been non-employed for at least 12 months), by age and sex



For non-employed people whose main income was a government payment, only 10% had a spouse or partner who received income from working. Only 7% of non-employed males, who received a government payment as their main source of income, had a spouse/partner who received income from working (Figure 9). The remaining non-employed people had a spouse/partner whose main income was also a Government payment or had no spouse/partner.

Figure 9: Partner's main income source if own main income is a government payment (per cent of people aged 50–64 and non-employed for at least 12 months), by sex



Demand for and access to training

A majority of mature age employed people thought that training would help them gain a promotion or perform better in their job or, for non-employed people, to find a job (Table 6). People without non-school qualifications, those aged 45–54 and females were the groups most likely to think that training would help them to find a job. There were no differences seen, however, by industry or occupation. Seventy-two per cent of people attended training in the past five years. However, only 55% people without high school or non-school qualifications reported attending any training, compared with 81% who had finished high school and attained a non-school qualification. Also, people in manual occupations and those working in manufacturing, construction or mining were less likely than other workers to have attended training. The types of training attended were on-the-job education/training (41%), off-the-job education/training paid for by the employer (33%), off-the-job education/training paid for by employee (23%) and other work-related education/training (13%).⁴³

A little more than one-third of people (37%) were interested in training but they couldn't attend (had an unmet demand for training) for a number of reasons. A lower proportion of people without a non-school qualification, aged 55–74 and in manual occupations had an unmet demand for training compared with their counterparts.

⁴³ Adair T & Temple J. *Barriers to mature age employment: Final report of the Consultative Forum on Mature Age Participation*. Canberra: NSPAC, 2012.

The main reasons why people had an unmet demand for training were that it wouldn't fit in with other commitments (64%), that they couldn't afford it (44%) and that the employer wouldn't fund or allow them to attend (33%) (Table 7). These reasons didn't differ by occupation or industry. However, people with existing qualifications and those aged 45–54 were the most likely to mention that the reason they did not attend training when they wanted was because their employer would not fund them or allow them to do it.

Table 6: Whether training would help gain promotion or find a job, whether attended any training, and whether had unmet demand for training (%)

	Any training would help:		Attended any training	Unmet demand for training
	Gain promotion etc.	Find a job		
Sex				
Male (Ref.)	67.2	57.8	69.8	34.5
Female	71.5	80.4*	73.6	40.0*
Age				
45–54 (Ref.)	74.9	80.2	78.1	44.4
55–64	64.2*	59.5*	70.0*	32.6*
65–74	46.8*	47.3*	48.9*	20.1*
Education				
Neither HS nor NS (Ref.)	70.8	83.5	55.7	30.8
NS but not HS	72.8	74.1	70.3**	36.4
HS and NS	66.4	58.9*	80.5**	41.5**
Occupation				
Manual (Ref.)	70.3	65.8	60.6	32.4
Other	69.0	70.3	75.3**	38.6*
Industry				
Manuf., constr., mining (Ref.)	70.4	64.4	66.3	36.7
Other	69.0	70.7	72.8*	37.3
Total	69.2	69.8	71.6	37.1

* $p < 0.05$, ** $p < 0.01$

Ref.: Reference category

NS: non-school qualification

HS: completed Year 12 of high school

Gain promotion etc.: Gain promotion, get better or better paid job: % of currently employed.

Find a job: % of people not working and not fully retired and have worked or looked for job in last 5 years.

Attended any training: Attended any training in past 5 years. % of people who have worked in last 5 years.

Unmet demand for training: Training wanted to attend in past 5 years but couldn't. % of people who have worked in last 5 years.

Source data: NSPAC (2012: 150-153), Authors' calculations of the 2011-12 Barriers to Employment for Mature Age Australians Survey

Table 7: Reasons for not being able to attend training when they wanted to (per cent of people who had training they were unable to attend in last 5 years)

	Could not fit in with other work commitments	Could not afford it	Employer wouldn't fund or allow attendance
<i>Sex</i>			
Male (Ref.)	62.7	41.1	32.1
Female	65.9	46.1	33.3
<i>Age</i>			
45–54 (Ref.)	66.3	46.4	38.2
55–64	62.9	39.2	24.2*
65–74	53.4*	39.7	23.1*
<i>Education</i>			
Neither HS nor NS (Ref.)	64.7	42.2	21.8
NS but not HS	60.7	43.8	34.1*
HS and NS	66.1	44.3	36.8**
<i>Occupation</i>			
Manual (Ref.)	64.3	40.1	35.2
Other	64.2	44.9	32.3
<i>Industry</i>			
Manuf., constr., mining (Ref.)	71.4	35.0	39.2
Other	63.1	45.1	31.5
Total	64.4	43.6	32.7

* $p < 0.05$, ** $p < 0.01$

Ref.: Reference category

NS: non-school qualification

HS: completed Year 12 of high school

Source data: NSPAC (2012: 155–156), Authors' calculations of the 2011–12 Barriers to Employment for Mature Age Australians Survey

Conclusion

This report examined data about mature age Australians who are not employed, an issue of much interest given the recent proposed increase in eligibility for the Age Pension to 70 years by 2035. There are a number of population groups that have a heightened risk of leaving the workforce because of illness, injury or disability or from being retrenched. These include people with low formal qualifications, people whose most recent occupation was in a manual role, and males. The findings underline the difficulties many mature age people experience while trying to remain in physically demanding manual occupations at an age where such roles may not be suitable for their physical capabilities. There remains a lot of scope for employers to modify the type of work and job tasks to facilitate people with health issues to stay in the work place. The results also likely reflect longer-term declines in manual occupations within the workforce.

An examination of the financial outcomes of those who leave the workforce show that the majority of non-employed people aged 50–64 do not have an employed spouse or partner. A high proportion of those who leave the workforce involuntarily before the age of 65, because of retrenchment or illness, injury or disability, are likely to receive the DSP. Approximately one-half of males who have been out of work for at least 12 months, whose last job was in a manual occupation and who were retrenched receive the DSP. This result is consistent with the finding in the literature that the rise in women's eligibility age for the Age Pension led to an increase in enrolment in the DSP, which "effectively provided an alternative source of retirement income".⁴⁴ The DSP pays a single person \$256 per fortnight more than the Newstart Allowance.⁴⁵

Overall, the results show that disengagement from the workforce by mature age people is greater for people with lower qualifications. This emphasises that appropriate training is vital for many mature age people to ensure that their skills are relevant and to increase their employability. However, this report shows, both attendance at training, as well as an unmet demand for training, is lower for people who are at risk of an early exit from the workforce, including people in manual occupations and those who have low qualifications.

There is a significant need for training to be targeted at these higher risk groups, at different stages of their career before they become unemployed.^{46, 47} Many of these workers have low levels of literacy, numeracy and computer skills. However, industries that may be more suitable for mature age people (e.g. clerical, administrative, manager and professional) are also those that require higher levels of literacy, numeracy and computer skills. For people without these skills, retraining could be challenging. Therefore, preventive efforts should be made towards investing earlier in people who are working and have low literacy and numeracy skills, rather than waiting for them to be unemployed in their fifties and sixties and then having to reactively and quickly attempt to address a large skills gap.⁴⁸

⁴⁴ Atalay K & Barrett G. op. cit., 2012, p5.

⁴⁵ Department of Human Services. Payment rates for Newstart Allowance. Canberra: Department of Human Services, 2014. <http://www.humanservices.gov.au/customer/enablers/centrelink/newstart-allowance/payment-rates-for-newstart-allowance>.
Department of Human Services. Payment rates for Disability Support Pension. Canberra: Department of Human Services, 2014. <http://www.humanservices.gov.au/customer/enablers/centrelink/disability-support-pension/payment-rates>

⁴⁶ Hall DT. Protean careers of the 21st century. *The Academy of Management Executive* (1993-2005). 10: 8-16, 1996.

⁴⁷ Midtsundstad TI. Inclusive workplaces and older employees: an analysis of companies' investment in retaining senior workers. *The International Journal of Human Resource Management*. 22: 1277–1293, 2011.

⁴⁸ Thompson S, Griffin J, Bowman K. *The ageing population: new opportunities for adult and community education*. Melbourne: Adult Learning Australia, 2013.

Affordability is a major barrier for people with an unmet demand for training. There is a need for cost constraints to be reduced to facilitate greater access to training. Some commentators have expressed concerns that a diminished TAFE system limits the options for people re-training in new skills.⁴⁹ Also, it has been found that some mature age workers are not aware of skill gaps or shortages or available support.⁵⁰ One possible strategy for overcoming such barriers to participating in training is to promote to mature age workers the benefits of regular training and updating of skills for overall career development.^{51, 52}

As noted in the Intergenerational Report 2010, a key public policy priority in Australia is the training of the mature age population to ensure that their skills are current. Future increases in the eligibility age for the Age Pension and greater reliance on self-sufficiency in retirement mean that low employability late in a person's working life will have a detrimental effect on their financial wellbeing as they become older. Those most at risk of early disengagement from the workforce, such as people in manual occupations and lacking qualifications, should be the target of investments in training.

⁴⁹ Weller S. What the departure of Toyota, Holden and Ford really means for workers. *The Conversation*, 13 February 2014. <http://theconversation.com/what-the-departure-of-toyota-holden-and-ford-really-means-for-workers-23137>

⁵⁰ Irving P, Steels J, Hall N. *Factors affecting the labour market participation of older workers: qualitative research*. London: Department for Work and Pensions, 2005.

⁵¹ Australian Computer Society. *Improving Age Diversity in the ICT Workforce* Australian Computer Society. Canberra: Australian Computer Society, 2010. [https://www.acs.org.au/attachments/2010/Improving%](https://www.acs.org.au/attachments/2010/Improving%20Age%20Diversity%20in%20the%20ICT%20Workforce.pdf)

⁵² Hanley et al. op. cit., 2007.

Appendix

Table A.1: Whether received Disability Support Pension^a (per cent), people aged 50–64 who have been non-employed for at least 12 months

	%
<i>Age group</i>	
50–54	31.5
55–59	30.7
60–64	26.3
<i>Education</i>	
No NS	37.3
NS but not HS	28.5
HS and NS	15.8
<i>Sex</i>	
Male	42.3
Female	18.9
<i>Reason ceased last job</i>	
Other	11.5
Retrenched, dismissed, or no work available	34.2
Own sickness, injury or disability	53.4
<i>Last occupation</i>	
Non-manual	19.9
Manual	46.7

^a If a Government pension or allowance is the main source of income.

NS: non-school qualification

HS: completed Year 12 of high school

Note: Each category sums to 100%



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