

Disengagement of mature age people from the labour force

Reasons, financial outcomes and access to training

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.

The purpose of this report is to investigate the main reasons for mature age people ceasing employment, the socio-economic groups of the population most at risk of involuntarily ceasing employment, the financial outcomes of people who leave the workforce before the age of 65, and the demand for and access to training among mature age people.

Research methods

This report uses information from a range of data sources: 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. Results are presented 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 was the most common reason why non-employed people aged 50–69 years ceased their last job (30%). 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. Analysis 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, were 23% likely to have left their last job because of illness, injury or disability.

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. Analysis showed that of non-employed males aged 50–64, who had not completed either 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.

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. 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). 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%).

Conclusion

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.

Further information

This short report summarises a NSPAC research report: Adair T, Lourey E. *Disengagement of mature age people from the labour force: reasons, financial outcomes and access to training*. Melbourne; National Seniors Productive Ageing Centre: 2014 (full report available at www.productiveageing.com.au, or by contacting NSPAC at info@productiveageing.com.au or on 03 96506144).

About National Seniors Productive Ageing Centre

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.

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