



# **Mature Age Persons in NSW**

## **Introduction**

In this report mature age persons refer to those aged 45 to 64 unless otherwise stated.

Comparison is most often made in this report between mature age persons and those aged 25 to 44. Persons aged 15 to 24 are not always included as part of a comparison group because of their high participation in full-time education.

Data in this report refers to NSW unless indicated otherwise.

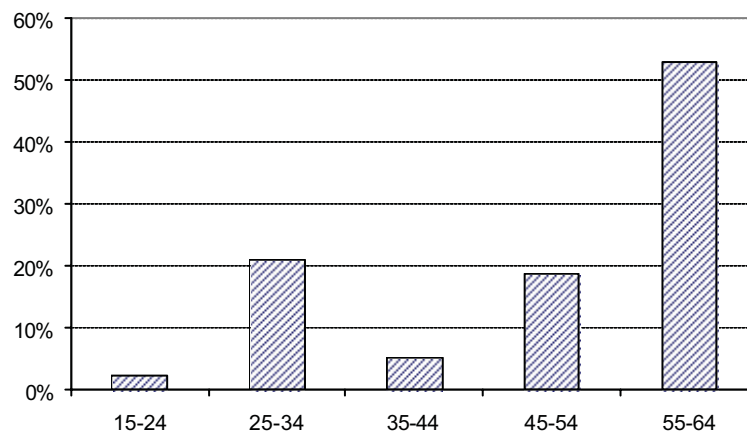
## **Summary**

- Around 72% of the rise in the working age population over the next 10 years is expected to be in the 45 to 64 years age group.
- Labour force participation of mature age females has increased strongly over the past 20 years while the participation of 55-64 year old males has risen over the past five years.
- Persons aged 45-64 experience lower unemployment rates than 25-44 year olds, but the proportion of the unemployed who remain so for at least 12 months tends to be much higher.
- Over half of the people defined as “discouraged jobseekers” were aged 45-64, compared to that age group’s 22% share of unemployment.
- Perceptions from some employers that persons over 45 are reluctant to learn new skills are unwarranted while any concern that people in the group may retire within a few years are generally misplaced and need to be seen in the context of general labour mobility.
- An Australian Government Treasury paper concluded that the improved labour market conditions for mature workers is the most likely explanation for the recent rise in their labour force participation. Recent policy changes to taxation and superannuation access should support ongoing increases in mature persons’ participation.

## Population growth

The mature aged will dominate growth in the working age population in the next decade. According to ABS population projections published in June 2006, the working age population (15-64) in NSW is projected to rise by 284,000 in the 10 years to 2016. Over half (53%) of this increase is expected to be in the 55-64 age group. The 45-54 age group is expected to account for 19% of the increase, bringing the mature age workers' share of the projected population increase to 72%.

**Shares of Projected Population Growth  
of Persons Aged 15-64, 2006-2016**



Source: ABS Population Projections (3222.0)

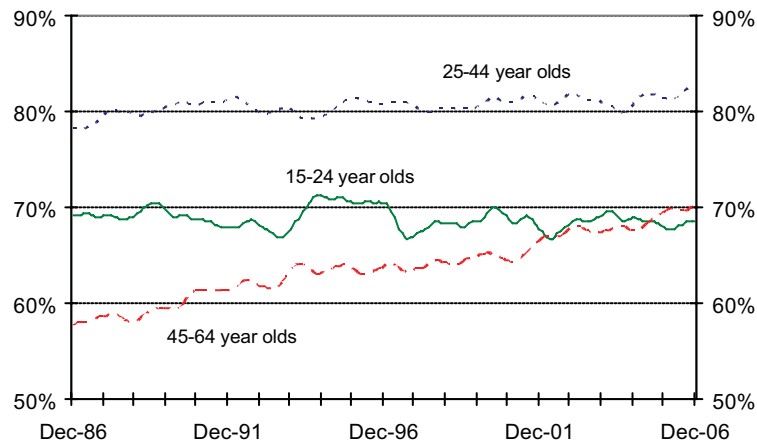
Over the 10 years to 2016, the working age population is projected to rise by 6.2% while the 55-64 age group is projected to rise by 20%.

## Labour force participation

The participation rate of 45-64 year olds has risen much more strongly over the past 20 years than that of the other age groups, but it is still well below the rate for 25-44 year olds.

The participation rate of 25-44 year olds rose in the 1980s (only partially illustrated in the chart below) with female labour force participation rising strongly. Since the early 1990s the rate has been fairly constant at just over 80%. Labour force participation of the 15-24 year old group is much lower than for 25-44 year olds (reflecting the higher participation of younger people in education) and has tended to be more volatile (often reflecting changes in general employment growth).

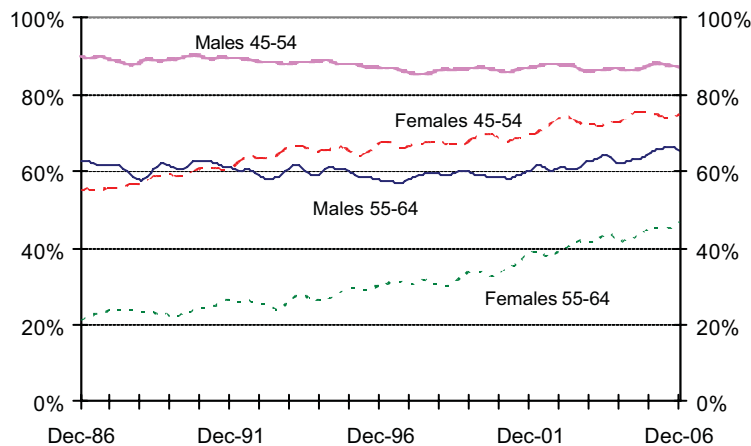
### Participation Rates by Age, 1986-2006



Source: Trend estimates based on unpublished ABS Labour Force Survey data

The strong growth in labour force participation among the mature aged has been led by females in the 55-64 year age group, whose participation rate has more than doubled in the past 20 years to around 46% in 2006. The participation rate of females aged 45-54 has generally trended up over the past 20 years and averaged around 74% in 2006. After being fairly constant at around 60%, the participation rate for males aged 55-64 has risen in the past five years to 66% in 2006. The participation rate of males aged 45-54 was around 90% in the late 1980s and, while still high, it edged down to 88% in 2006.

### Participation Rates Mature Age Persons by Gender, 1986-2006

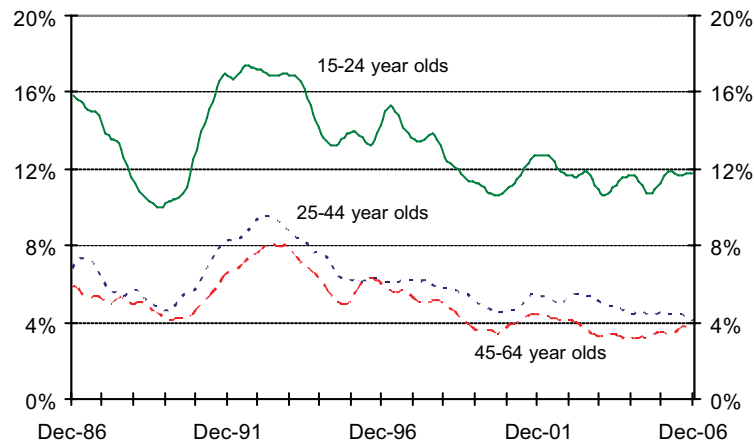


Source: Trend estimates based on unpublished ABS Labour Force Survey data

## Unemployment

In the year to December 2006 there were around 41,000 unemployed mature age persons in NSW, comprising 22% of the total number of unemployed. Of these, around 26,000 were aged 45-54 and 15,000 were aged 55-64.

### Unemployment Rates by Age, 1986-2006

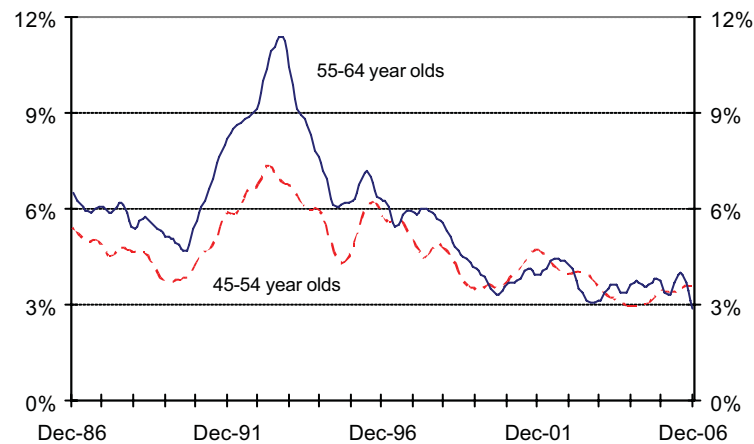


Source: Trend estimates based on unpublished ABS Labour Force Survey data

The unemployment rate for mature age persons has generally been a little lower than that for persons aged 25-44 with both rates much lower than for 15-24 year olds. In the year to December 2006, the unemployment rate for 45-64 year olds was 3.6% compared to 4.3% for 25-44 year olds and 11.7% for 15-24 year olds.

As indicated in the chart below, the recession in the early 1990s had a greater impact on the 55-64 age group than the 45-54 group, with the unemployment rates of these groups peaking at 11.4% and 7.4% respectively. However, over the past 10 years the two unemployment rates have been fairly similar. In the year to December 2006, the average unemployment rate for both 45-54 year olds and 55-64 year olds was 3.5%. (Note: The unemployment rates for persons aged 45-54 and 55-64 are not looked at in terms of gender as the sample sizes from the ABS Labour Force Survey are not sufficiently large to produce reliable estimates).

### Unemployment Rates, Mature Age Persons, 1986-2006

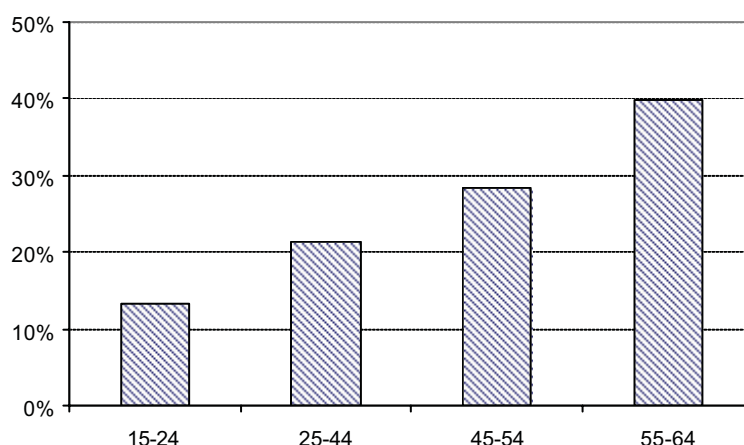


Source: Trend estimates based on unpublished ABS Labour Force Survey data

## Long-term unemployment

While unemployment rates of mature age persons tend to be lower than those of other age groups, the proportion of the unemployed who remain so for at least 12 months (that is, the long-term unemployed or LTU) tends to be higher. Just over one fifth (21%) of all unemployed persons have been out of work for at least 12 months. But for the 45-54 and 55-64 age groups the proportion that the LTU comprises of total unemployment in the age group is 28% and 40% respectively.

**LTU as Share of Total Unemployed by Age  
Year to December 2006**



*Source: ABS Labour Force Survey, unpublished data*

Many of the mature age unemployed are males who previously worked in industries such as manufacturing and agriculture where employment has been in long-term decline. Australian data<sup>1</sup> indicate that the average duration of unemployment for persons who last job was in manufacturing or agriculture was among the highest for all industries, and that the occupations with the highest average duration of unemployment were the lesser skilled occupations of labourers and related workers, and intermediate production and transport workers.

The relatively low LTU share for younger persons is partly attributable to the presence among unemployed young persons of recent leavers from full-time education who are in a transition to employment. Younger people also tend to have other options (such as study) available as well as having less investment in skills learnt on-the-job which may make them more flexible in the type of jobs sought. Furthermore, some employers may perceive that younger persons are more adaptable and have more relevant skills for their business.

<sup>1</sup> NSW data is not used as sample sizes involved are too small. Data is for the four quarters to November 2006 and is from the ABS Labour Force Survey.

## Marginal attachment to the labour force

Mature age persons make up over half of the discouraged job seekers in NSW and almost a quarter of the “marginally attached”. Persons who are marginally attached satisfy some, but not all, of the criteria to be classified as unemployed. Persons are considered to be marginally attached to the labour force if they:

- want to work and are actively looking for work but not available to start work in the reference week; or
- want to work and are not actively looking for work but are available to start work within four weeks.

Persons with marginal attachment include discouraged jobseekers who want to work and are available to start work but whose main reason for not actively looking for work is that they believe they would not find a job.

Of the 280,000 persons with marginal attachment to the workforce in NSW in September 2005, around 24% were aged 45-64 according to the ABS *Persons Not in the Labour Force* (6220.0). In contrast, the share of the total number of unemployed persons who were aged 45-64 was 22%. Of the 23,000 discouraged jobseekers, over half (55%) were aged 45-64.

## Difficulties confronting mature age job seekers

Difficulties confronting mature age workers include a perception among some employers that they may leave the job after a few years and are reluctant to learn new skills. However, the ABS *Labour Mobility* survey (6209.0) shows that, for all persons who were working in Australia at February 2006, around 57% had been in their current job for less than five years. Of those aged 45 to 59, only 6% changed employer or business during the year. For 35-44 year olds, 25-34 year olds and 15-24 year olds the proportions were 10%, 15% and 17% respectively. Further the proportion of mature age persons who left employment<sup>2</sup> was lower than was the case for 25-44 year olds. Only 5% of 45-64 year olds employed in February 2005 were not employed in February 2006 compared to 6% of 25-44 year olds.

National data from the ABS 2002 *Career Experience* survey (6254.0) indicate that around 43% of employees aged 45-54 undertook formal training and, or, study in the previous year. The proportion was 34% for employees aged 55-64 and 43% for all employees.

According to the ABS *Job Search Experience* survey (6222.0) for July 2006, the main difficulty in finding work was ‘considered too old’ for 29% of unemployed persons 45 years and over.

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<sup>2</sup> Left employment and became unemployed or dropped out of the labour force.

## The re-emergence of older male workers

A recent paper<sup>3</sup> by two Australian Government Treasury economists explores some of the possible factors contributing to the rise since around 2000 in participation of mature age persons. The focus of the article is on mature male's participation, however factors impacting mature females are also discussed.

The paper concludes that improved labour market conditions for mature workers is the most likely explanation for the recent rise in participation. As discussed earlier, mature males, particularly those in the 55-64 age group, were most affected by the recession in the early 1990s and the structural changes in the Australian economy in the 1980s and 1990s as inefficient and protected industries were swept away and competitive industries emerged. This situation was exacerbated by the fact that it was more difficult for older men to re-train and find other employment compared with other persons.

However, following 15 years of economic expansion in Australia, unemployment rates for the general population are at 30-year lows. For mature persons the rates are even lower which highlights the improved labour market conditions for these workers.

Other factors influencing participation rates of mature age persons that were discussed in the paper include:

- Baby boomers, who have progressively comprised a greater portion of the mature age groups since 2000, may be taking a different attitude to working in their later years and may have a different set of income expectations for retirement. That is, they expect to live longer and in better circumstances than previous generations.
- The increase in women's labour force participation may be positively affecting men's participation. In this case, men may be choosing to continue working while their spouses work and then retire together.
- Improvements in health and education may account for a small part of the rise in participation. Poor health is the most commonly cited reason why people retire from the workforce. With the average health of the population improving over time, a rise in the participation of the mature age group could be expected. Similarly, as the labour force has become more highly educated, it could be expected that participation would increase as the labour force participation of persons with some post-school qualification is around 10 percentage points higher than those without post-school qualifications.
- Attitudes and employers' preferences also play a role in older persons' participation in the labour force. A number of studies have shown that employers consider older workers to be less productive. To date, there has only been limited evidence of a change in attitudes toward older workers, although

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<sup>3</sup> Older men bounce back: the re-emergence of older male workers, Australian Government Treasury Economic Roundup Spring 2006

initiatives by organisations such as the Business Council of Australia in promoting the value of older workers are a sign of change.

Recent policy changes to taxation and superannuation access should support ongoing increases in mature persons' participation. The Mature Age Worker Tax Offset, introduced in July 2004, provides an annual tax rebate for persons aged 55 or over who choose to remain in the workforce. From July 2005, persons aged 55 years and over have access to their superannuation in the form of a non-commutable pension while still working. Additionally, from 1 July 2007, superannuation benefits will be tax free or subject to a reduced rate of tax after age 60.

It is noteworthy that despite the recent rises in participation among mature Australians, they have not yet reached the levels of a number of countries including the US, UK, Canada and Sweden.