

**Old gold?**

Mature workers in the labour market

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## **Executive Summary**

Built on good intentions, policy makers want more of us working to longer.

Older workers, however, proclaim discrimination and a lack of opportunities. Telling us that they would work if they were given a chance.

Does this stack up?

The following report dissects the current data to show what is really going on for older workers. It considers data, primarily, since January 2007 to now. This past decade has been formative for how Australia reacts to an ageing population and what we are doing to make it easier for ourselves.

You'll find that not much has changed and that a traditionalist view of working prevails.

A seemingly complex picture is painted. Australia has a labour market which is upside down - older workers need part-time jobs to ease in to retirement but are stuck in full-time work, and the opposite is true for younger workers.

With an effective retirement age of 60 for many workers, there are key limitations to harnessing the capacity of older workers and maintaining a reasonable quality of life.

These are: inaction on retraining, immobility between industries and geographies, and a failure to ease out of the labour market through part-time work, even though it is surging.

Fundamentally, what limits older workers is an early opt-out and failure to take part-time opportunities.

As ambitious as it may seem, not all hope is lost on maintaining the quality of life we want as we age and better utilising a, currently, wasted workforce.

## **Key findings**

Two in every 10 workers in their 50s will be retired at 60;

If a worker opts out before 60 they are unlikely to work ever again;

60 remains the retirement age of choice for most workers;

The biggest drop, per industry, for early retirement is in financial and insurance services, transport and mining for overall employed, and administration and support services, recreation services and wholesale trade for full-time workers;

Job search duration for workers aged over 65 is decreasing and is shorter than for younger peers - showing a keenness by employers to hire older workers in some capacity;

Current average length of job search is highest in South Australia, at 21 weeks, and Western Australia at 18 weeks;

Older workers dominate full-time work and aren't taking up part-time work, which is key to an easier transition to retirement;

The intensity of full-time work is prohibiting older workers re-entry into the labour market;

Older workers seem to want part-time and casual work rather than a 40 hour week but are not actively seeking it;

Labour market casualisation has not impact older workers;

Less than one in two people aged 60-70 able to work actually are working; and,

A failure to retrain and move between industries limits the employability of older workers.

## An ageing and definitely not agile workforce

Underlying policy debates for decades has been the assumption that as the population ages so will they work.

This is not happening, even though government policy has progressively increased the age at which people are able to access the aged pension.

It is then unsurprising that there has been a strong surge in the population aged over 45, especially those 60-plus. However, this is not translating into employment.

60+ workers and population, since January 2000

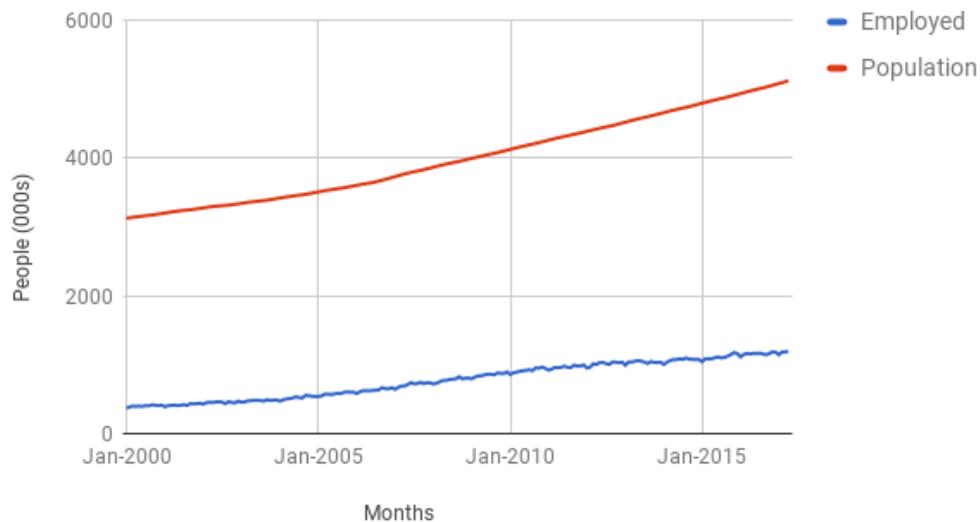


Table 1

While the trend has long been steeper for population increase, following 2005 it took a significant step up. At the same time the employment of this group has, overall, grown, though this has face some minor declines.

This increase in the population has been foreshadowed for decades, suggesting the economic landscape was unprepared and failed to forecast and create opportunities for older workers.

These workers are facing, relatively, positive signs when searching for jobs.

Between 2007 and 2012 the average job search length was 10.93 weeks. Workers aged 45-54 this was 16.13 weeks, for 55-64 year olds it was 20.01 weeks and those aged 65+ it was 22.58 weeks.

Duration of job search, average since January 2016

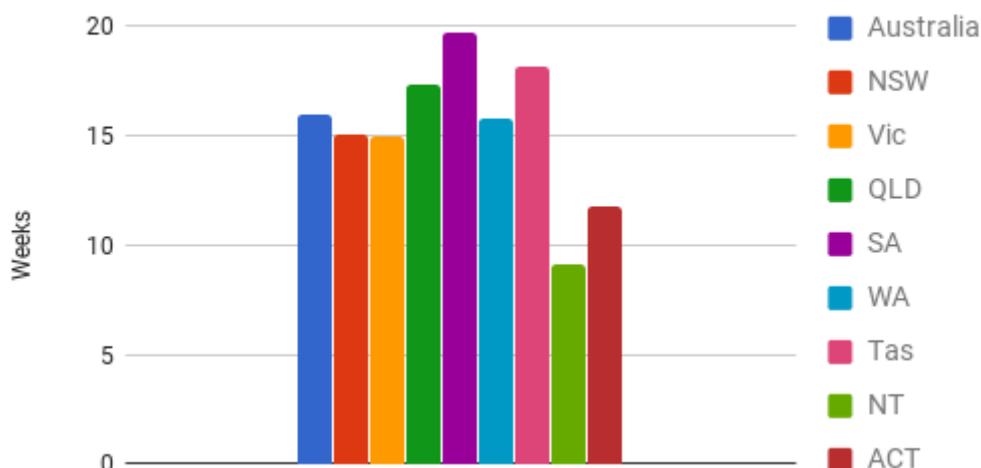


Table 2

From 2012 to date the average number of weeks spent looking for work has risen by 34.94 per cent to 14.75 weeks. A 17.17 per cent increase in time spent looking for jobs was seen by workers aged 45-54 to 18.90 weeks and a 30.93 per cent increase to 26.20 for those aged 55-64. However, those aged over 65 years saw a decrease by 18.86 per cent to 18.32 weeks.

The current average length of job search nationally is 15 weeks, with only South Australia and Western Australia being higher than that at 21 and 18 weeks respective.

It can then be assumed that there is a growing recognition by employers that older workers make a valuable contribution, but it seems they are unsure how to manage this.

Looking at the participation rate of older workers, in table 3, is distinctly lower than the rest of the labour market.

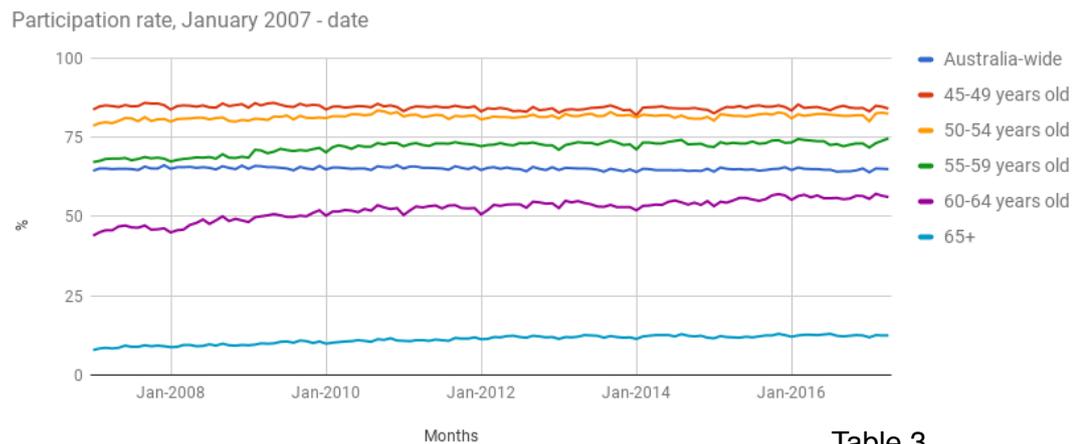


Table 3

It seems that older workers are eager to leave the workforce, but a narrow group are hungry to hang on to work. This shows that there is significant labour supply in these age group, and while job growth is comparatively stable, it has not accounted for the population increase.

There is a drop in the participation rate by 18.4 per cent between the 55-59 and 60-64 age groups, an average since 2012 which has decreased by 2.3 per cent when compared to 2007-2012. While more Australians are working past 60, a significant number opt out around that age.

For workers aged 65 and over the participation rate drops by 42.4 per cent, average since 2012, which has increased by 2.6 per cent for the preceding five years.

Fundamentally, the idea of working into our 60s is not something Australians have grasped.

The following table shows this represented in each industry in 2017.

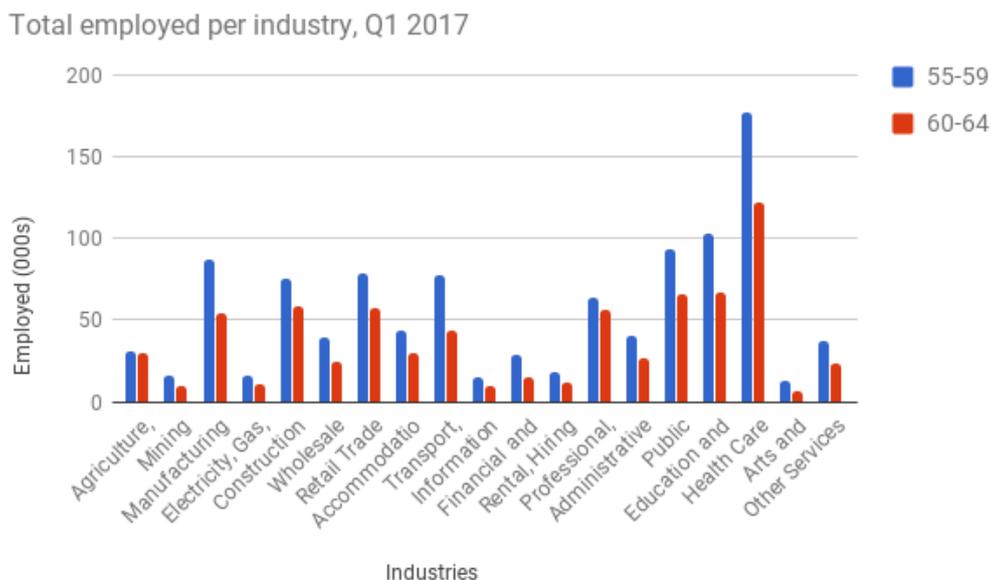
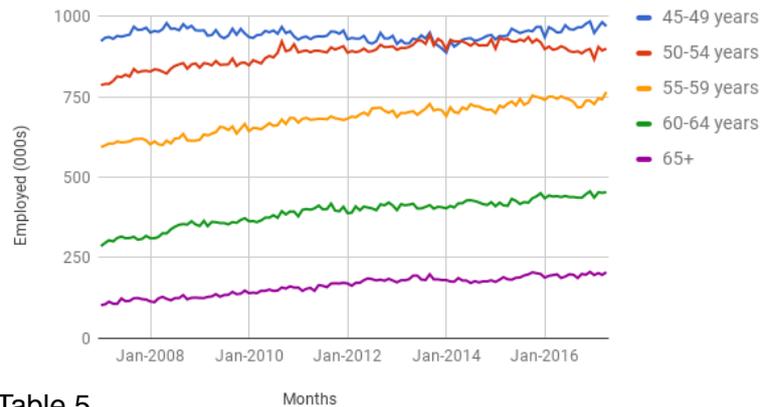


Table 4

Financial and insurance services has the biggest drop where 48.32 per cent of their workforce leaves in this period; followed by transport postal and warehousing, mining, information media and telecommunications and manufacturing as a top five.

For full-time work, this is best seen with administrative and support services where only 39.13 per cent of the workforce remains; followed by arts and recreation services, wholesale trade, financial and insurance services, accommodation and food services, transport postal and and warehousing, and mining. Each of these see more than one in every two workers leave.

Full-time employed, since January 2007



Part-time employed, since January 2007

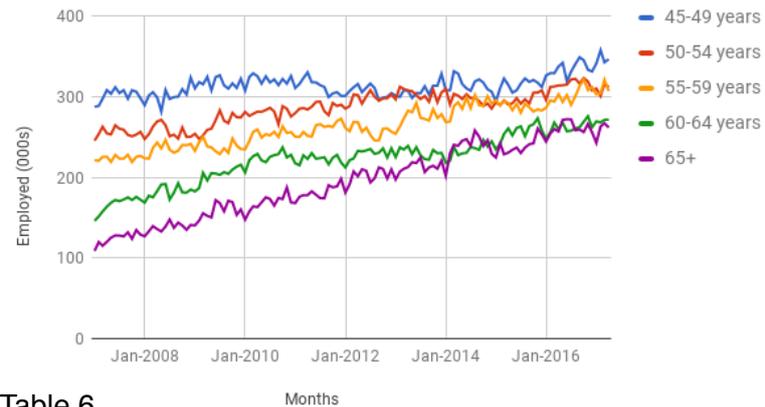


Table 5

Table 6

Overall, about double the amount of mature workers work full-time than part-time, except those aged over 65. Full-time work also tends to be more stable than part-time work for these groups.

This suggests that older workers tend to prefer full-time work or cannot conceive how part-time work would help them maintain their quality of life; and that managers assume older workers prefer full-time roles.

The unemployment rate sheds further light on this, with workers aged over 45 is consistently below 5 per cent. The peak for people aged over 65 is 3 per cent; the highest unemployment rate reached in this time is by workers aged 60-64 at 5.7 per cent in 2014.

Unemployment rate, January 2007 - date

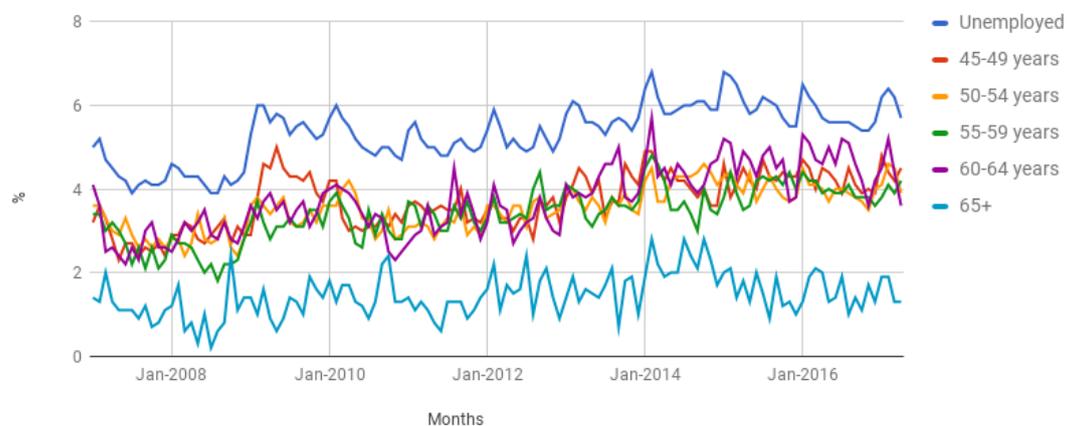


Table 7

Compared to the overall workforce, the peak was in January 2015 at 6.8 per cent.

Overall job growth for workers aged 45 and older is relatively stable. There is growth for full and part-time jobs at reasonable level. During the global financial crisis in 2008 these age groups did not bare noticeable decline in employment.

This is in contrast with the younger end of the labour market which is facing a significant decline of full-time jobs.

Australia's labour market has long found itself attracted to conservative and norms, which may be best highlighted with these workers over 45.

The core frustration for the market, and thus government policy, is that an ideal transition to retirement does not occur, a hard retirement does.

Changing this will improve the overall health of the labour market, and quality of life for older workers.

### **How is this changed?**

Nobody thought an ageing population would be easy for Australia, and rarely were we prepared. But changing the employment and labour market interactions for older workers is an imperative, on social and economic fronts.

The current structures and approaches to work are outdated for the economy we find ourselves in, and the quality of life we seek.

As I have previously found, younger workers are struggling with part-time jobs and a transient labour market. Older workers, as you have read, have a stable level of employment which is typically full-time.

To substantially increase the number of older workers the economy needs to create more part-time jobs for them. This is to better manage the transition to retirement.

At the moment, workers go from a 40 hour week to nothing, and typically at 60. An ideal situation would be a rising number of part-time employed older people in their late 50s and staying engaged until their early 70s.

This would give them financial independence and shift them away, at least in part, from social security. This would also alleviate any concerns about the intensity and stress of work.

Part-time work for older workers could be the insurance the labour market, and in turn the government, needs.

For this to occur there would need to be some job redesign by workplace managers, but that is a comparatively minor issue.

Additionally, a triumvirate of inaction limits this. Whereby a lack of training, an inability to move between industries and a failure to go where jobs are geographically. These are common themes in the Australian labour market best highlighted by older workers.

Lay on top of that the resistance to part-time work and you have perfect recipe for an exhausted and under-utilised workforce which will soon find itself on social security.

Still, the government is right to encourage workers to work longer; yet to do that they must confront distinct cultural issues in the labour market.

Disclosure:

To cite this document for future reports and academic work, please do as: Liveris, C, "Old Gold? Mature workers in the labour market", June 2017.

This is part of an annual update of diversity in the workforce and organisational leadership in Australia, initiated by Conrad Liveris. These contributions are verifiable and are reviewed by experts prior to release.

The intention is to provide analysis on various workforce and economic topics on contemporary topics of national and industry interest. All efforts are made to present the evidence as impartial, independent, fair and not misleading.