

**House of Representatives Standing Committee
on Employment, Education and Workplace
Relations:**

*"Issues specific to workers over 45 years of
age seeking employment, or establishing a
business, following unemployment"*

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Department of Family and Community
Services
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Table of Contents

1 EXECUTIVE SUMMARY	1
2 INTRODUCTION	3
3 DEMOGRAPHIC TRENDS RELEVANT TO OLDER WORKING AGE PEOPLE	3
4 OLDER WORKERS AND THE LABOUR MARKET	5
4.1 GENERAL TRENDS IN THE LABOUR MARKET EXPERIENCE OF OLDER WORKING AGE PEOPLE	5
4.2 THE INCREASING SHARE OF JOBS HELD BY OLDER WORKERS	8
4.3 MAINTAINING AN EFFICIENT AND FLEXIBLE LABOUR MARKET	10
5 LABOUR MARKET ASSISTANCE	12
5.1 EFFECTIVENESS OF EARLIER PROGRAMS	12
5.2 JOB NETWORK SERVICES	13
6 SOCIAL SECURITY RECEIPT AMONG OLDER WORKING AGE PEOPLE	14
6.1 BASIC INCOME SUPPORT PAYMENTS	14
6.2 INCREASING DEPENDENCE OF OLDER PEOPLE ON BASIC INCOME SUPPORT PAYMENTS	14
6.3 NON-ACTIVITY TESTED ALLOWANCES	17
6.4 TRENDS IN THE INCIDENCE OF DISABILITY SUPPORT PENSION	18
6.5 FUTURE AFFORDABILITY OF THE SOCIAL SAFETY NET	19
7 THE RETIREMENT INCOME SYSTEM	20
7.1 SUPERANNUATION AND SAVINGS	20
7.2 INTERACTION BETWEEN SUPERANNUATION AND THE SOCIAL SECURITY SYSTEM	21
7.3 IMPACT OF SUPERANNUATION ON EARLY RETIREMENT	22
8 CONCLUSION	22
BIBLIOGRAPHY	23
ATTACHMENT A: BASIC FACTS ON THE CURRENT LABOUR MARKET SITUATION OF OLDER WORKING AGE PEOPLE	24
ATTACHMENT B: TRENDS IN LABOUR FORCE STATUS OF OLDER MEN AND WOMEN	29
ATTACHMENT C: THE JOB SEEKER CLASSIFICATION INSTRUMENT AND ACCESS TO JOB NETWORK SERVICES	36
ATTACHMENT D: INCOME SUPPORT ARRANGEMENTS	38
ATTACHMENT E: RECEIPT OF MAIN BASIC INCOME SUPPORT PAYMENTS BY PEOPLE AGED 50 YEARS AND OVER: 1978 – 1997*	42
ATTACHMENT F: CUSTOMER PARTICIPATION RESEARCH	46

1 Executive Summary

This paper explores issues of relevance to unemployed people aged 45 years and over looking for work or seeking to establish a small business. The paper discusses the costs facing the social welfare system arising from the ageing of the population and the potential effects of early retirement on the labour market. The areas of policy focus are the income support system, current arrangements for labour market assistance and, to some extent, the interaction between the income support and superannuation systems.

In the short to medium term, there is a group of older unemployed people who have borne the brunt of labour market restructuring in the 1980s and 1990s following the dramatic economic reforms of that period. Many now exhibit significant labour market disadvantage and, without appropriate intervention, are at risk of remaining on income support until age pension age.

Hard on their heels is the large cohort of baby-boomers and we do not know what the early retirement behaviour of this group will be. Again some will have considerable disadvantage but, on average, the cohort will have better labour market prospects. The people in this cohort are different to those that preceded them. They are better educated and more familiar with computer technologies. This augurs well for their employability in their later working age years. It may be the case that voluntary early withdrawal from the workforce will be more of an issue for this group. Given their large numbers and the proportion of the working age population that they represent, even continuing, let alone increasing, levels of early retirement would have significant impacts on the affordability of the social welfare system and on the flexibility and efficiency of the labour market.

Between 1978 and 1998, the proportion of 45 to 64 year olds who were employed, full or part-time, increased from 56 per cent to 62 per cent. Older workers are also increasing their share of total jobs. There are some significant differences in labour market trends for men and women, with the situation for older women improving quite dramatically over the last 20 years. The position of older men clearly deteriorated in the 1970s and early 1980s, but there have been encouraging signs of stability in the labour market position of 45 to 54 year old men and even some improvement in that of 55 to 64 year olds.

While the employment rate for 45 to 64 year olds has been rising and the full-time employment rate has been relatively stable, the dependence of this group on income support has risen significantly. This is a matter of concern because of the increasing number of people in this age group. This increasing dependence on income support at the same time as higher proportions are in employment appears to have occurred largely because of the way employment is distributed among families. There are now more older working age people in families where neither partner works. Women who have moved into employment tend to have employed partners while jobless men tend to have jobless wives. Dependence on income support has increased because there are more couples where neither partner has a job, as well as more single older jobless people.

Almost 84 per cent of older working age people (men aged 50 to 64 and women aged 50 to 61) receiving income support payments do so without a requirement to seek or accept work. These payments include Disability Support Pension and a range of non-activity tested allowances created in recent years for older disadvantaged jobless.

Disability Support Pension numbers have been increasing faster than the rate of population growth although current data indicate a decline in the rate of growth. Factors causing this increase may include employer and community attitudes towards older people with a

disability and the relative attractiveness of Disability Support Pension over other forms of income support for this age group.

The non-activity tested allowances of Mature Age Allowance, Widow Allowance and Partner Allowance were introduced in recognition of the significant labour market disadvantage of older customers without recent workforce experience. However, there is a very large range of circumstances and skills, and even levels of social and economic participation, among recipients of these payments.

Customers who withdraw from the workforce early can face an increased risk of long term dependence on income support over the 20 years prior to retirement. Such long term dependence can lead to erosion of skills and assets, the risk of increasing isolation from the community and lower income and poorer health in retirement.

Any further trend toward early retirement would have serious negative consequences for the efficiency and flexibility of the labour market. Reductions in the level and quality of labour generally would be expected to reduce the level and rate of growth of economic activity below the economy's potential. Proposals to reduce general unemployment by facilitating early retirement not only have major difficulties but usually do not achieve their aim. There is now a general view among Organisation for Economic Co-operation and Development (OECD) countries that early retirement does not create additional labour market opportunities for the unemployed.

The level of superannuation and other savings which people accumulate can affect the total number of people dependent on the social security system and the level of payment they receive. For most people the optimal way to achieve an adequate income in retirement is to remain in the workforce rather than withdraw early.

2 Introduction

Australia's population is ageing and the number of people on Age Pension will continue to increase at least until the middle of next century. Labour market changes have adversely affected some older people. They are having a major long term structural impact on the social security system through increases in the proportion of older people of workforce age who are dependent on income support. These factors will place significant cost pressures not only on the pension system but also on the health system. Additional significant shorter term pressures are likely to occur with any economic downturns. Longer term cost pressures suggest the need to minimise early labour force withdrawal and to reduce dependency on income support in the years immediately before age pension age.

There is a growing awareness that, while performing reasonably well on poverty alleviation, the social security system is complex and can have inconsistent incentive effects on labour force and savings behaviour. Although declining male labour force participation rates have levelled off and those for women are still rising, it is already the case that 46 per cent of people aged 50 to 64 are not working. Many of these receive social security pensions or allowances – some 33 per cent of all 50 to 64 year olds¹. Community attitudes have favoured early retirement, supported to some extent, by a range of income support, superannuation and tax arrangements. Increasingly, however, early retirement is being seen both in Australia and overseas as less appropriate to changing economic and demographic circumstances.

This is the context in which government must make policy for older people of workforce age. There are major risks if only short term considerations are taken into account. Policies affecting older people of workforce age will have an impact on labour market functioning and on the cost and hence adequacy of our social security safety net and health systems. They will have a direct bearing on the well-being of many individual Australians and their families, affecting their quality of life and standard of living during both the latter years of their working lives and in their increasingly long retirement.

The Department believes older working age people should be strongly encouraged to support themselves and make preparations for their retirement by pursuing employment and business opportunities up to age pension age, and if people choose to do so, beyond age pension age. The range of policies affecting older Australians should be judged, at least in part, against this objective.

3 Demographic trends relevant to older working age people

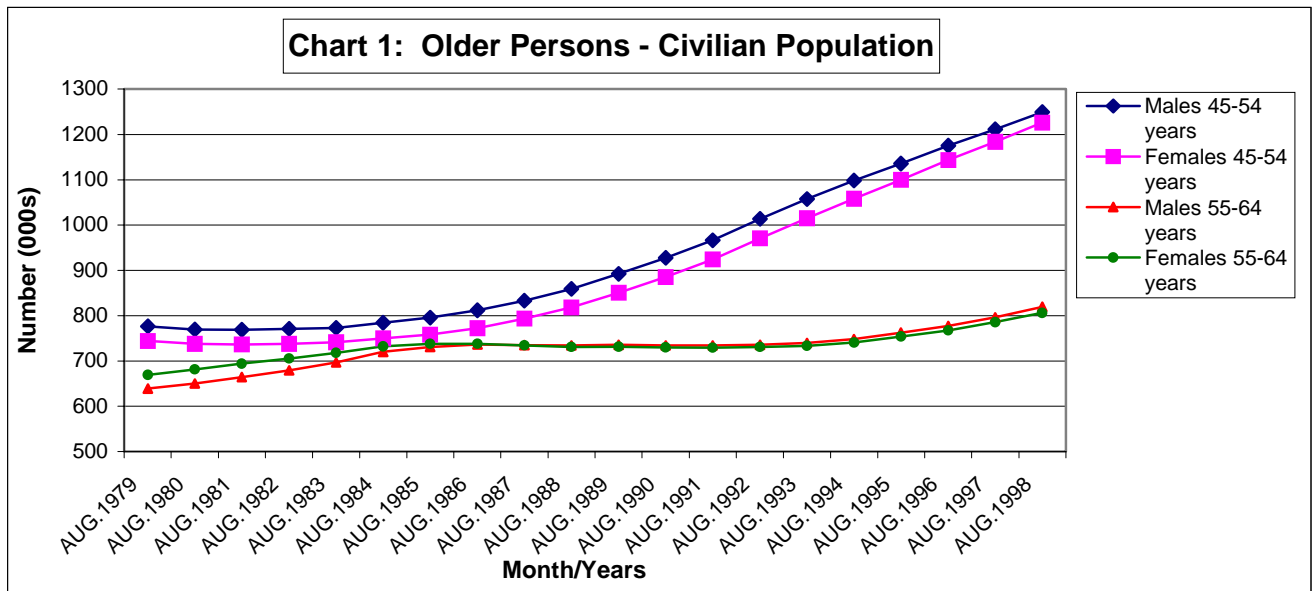
The most significant demographic change facing Australia is the ageing of the population. The number of people aged 65 and over will rise from 2.2 million in 1996 to 4 million in 2021, and 6 million in 2051. Public debate has tended to focus on the post 2010 implications for retirement incomes and health expenditure as this ageing will place significant cost pressures on both the pension and the health system. The number of people on Age Pension will continue to increase at least until the middle of next century.

¹ The 33 percent is not necessarily a subset of the 46 per cent. Some people who are employed can receive a full or part rate benefit.

Dependency ratios, which measure particular ‘dependent population groups’ as a proportion of the working age population, will rise. The Australian Bureau of Statistics have estimated that the age dependency ratio will increase from just under 20 per cent at present to around 32 per cent by the middle of next century. The Retirement Income Modelling Taskforce (now named the Retirement Income Modelling Unit) estimated that the rise would be higher – to just under 40 per cent. While child dependency ratios will decrease, this will not outweigh the increase in age dependency ratios and does not ameliorate concerns about the significant increase in the age dependency ratio.

The decline in the number of people in younger age cohorts is likely to result in less youth unemployment. Demand for labour across older age groups is also likely to rise. This indicates both the importance of ensuring that the skills of older workers meet labour market requirements and the need to maximise employment throughout working age (and even beyond retirement age). Voluntary or forced withdrawal from the labour market for a person in their late 40s means 15 to 20 years of forgone income, with increased risk of social dislocation, lower incomes in retirement and consequent higher Government expenditures on income support and medical services.

Australia’s ageing population is the result of increased longevity, the ageing of the ‘baby boom’ generation and declining fertility and immigration rates. Of most importance to any current consideration of the labour market circumstances of older working age people is the ageing of the ‘baby boom’ generation. This generation began turning 45 years of age in 1991 and will begin turning age 55 in 2001, resulting in rapid growth in the number of people aged 45 to 64. Chart 1 shows the growth in the older civilian population over the last 20 years. Australian Bureau of Statistics Population projections indicate that the number of people in this age group is expected to increase rapidly until 2011 and continue increasing at a slower rate through to 2051.



Source: Labour Force, Australia, ABS Cat. no. 6203.0, Ausstats

The ‘baby boom’ cohort differs significantly from preceding cohorts in a number of characteristics that are important to their labour market prospects. At present, fewer than half of all people over 45 years of age have been educated to, or above, upper secondary level.

Table 1 indicates, however, marked differences between 45 to 54 and 55 to 64 year olds. As the 'baby boom' cohort begins to move into the 55 to 64 year age group the level of upper secondary educational attainment in this age group can also be expected to increase towards 50 per cent.

Table 1: Percentage of Australians by Age that had Attained at Least Upper Secondary Education (1993)

Age group	Percentage
25 – 34	57
35 – 44	56
45 – 54	51
55 – 64	42

Source: OECD education database

Data on computer usage by age (Table 2) indicates that all age groups under 55 years of age have vastly greater levels of exposure to computer technologies than do older people. In the future, older working age people should be less disadvantaged in these respects than previous generations and this, together with their higher level of education, is likely to have significant positive implications for their employment prospects.

Table 2: Computer Usage by Age at February 1998

Age	Accessing a computer in the previous 12 month		Frequently used a computer at home (%)
	Work (%)	Any site (%)	
18 – 24	35.4	79.3	35.1
25 – 39	43.6	70.1	30.7
40 – 54	41.5	63.1	30.5
55 +	6.6	18.9	8.3
Total	32.0	55.7	30.4

Source: Household Use of Information Technology, Australia, ABS Cat no. 8128.0

4 Older workers and the labour market²

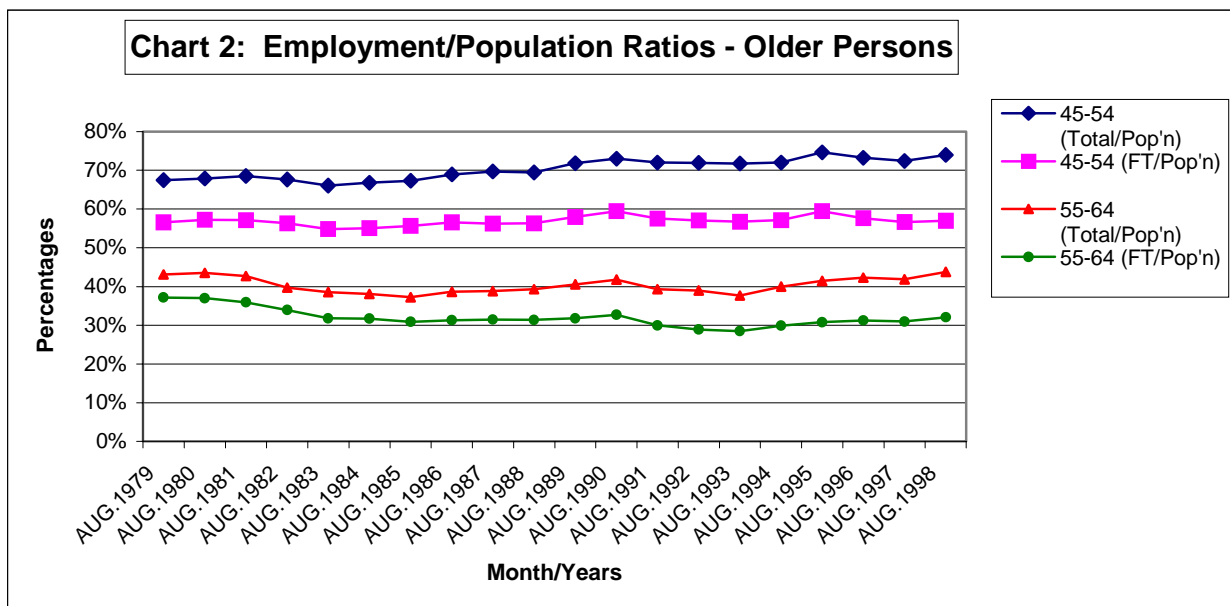
4.1 General trends in the labour market experience of older working age people

It would be a mistake to be pessimistic about the labour market prospects of people aged 45 to 64 years. Provided they remain able to compete fairly for jobs and Australia's good economic growth continues, their position in the labour market will continue to improve as it

² This section presents data for men and women aged 45 to 64 years. However, it should be noted that the age pension age for women was 60 until 30 June 1995. From 1 July 1995, the age pension age for women is gradually increasing to be 65 years in 2013.

has done since 1985. Between 1979 to 1998 the proportion of this age group in full time employment has been relatively stable. It declined in the late 1970s and early 1980s but then increased from 43.6 per cent in 1985 to 47.1 per cent in 1998. There are now over 1.93 million people aged 45 to 64 in full time employment compared with 1.35 million in 1979. Over the same period, the proportion of this age group who are employed, full time or part time, has increased from 56 per cent to 62 per cent.

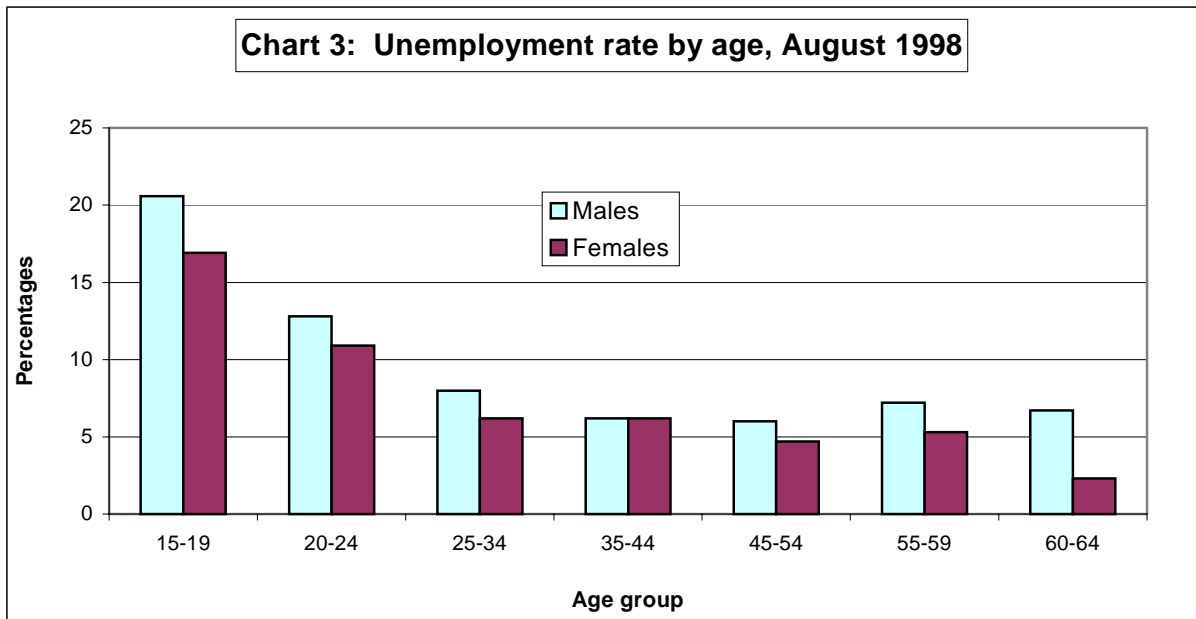
Chart 2 shows that the proportion of people aged 45 to 54 years who are employed has increased from 67.5 per cent to 74.0 per cent and the proportion who are *full time* employed has been relatively stable at around 57.0 per cent. People aged 55 to 64 years were more adversely affected by labour market change during the late 1970s and early 1980s (mainly men) but the proportion in employment has increased from 37.3 per cent in 1985 to 43.7 per cent in 1998. The proportion of this age group who are *full time* employed has also increased marginally from 31.0 per cent in 1985 to 32.1 per cent in 1998.



Source: Labour Force Australia, ABS Cat. No. 6203.0, Ausstats

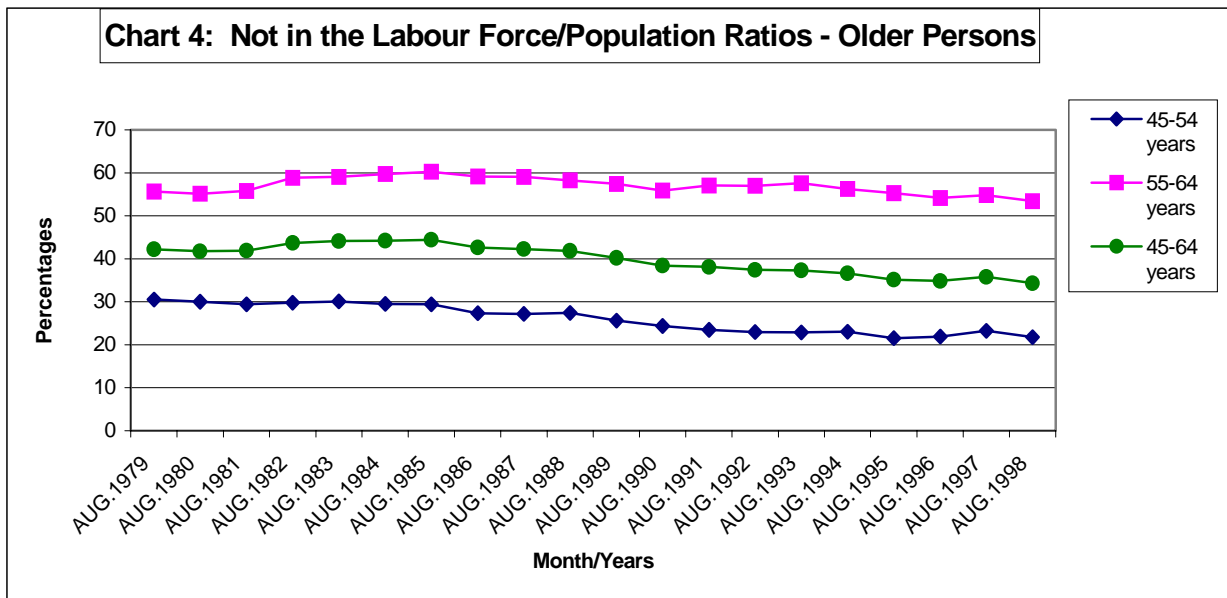
The proportion of people aged 45 to 64 years participating in the labour market increased from 57.8 per cent in 1979 to 65.7 per cent in 1998. This increase in labour market participation has outweighed the increase in employment and consequently the unemployment rate for this age group has increased, from 2.8 per cent in 1979 to 5.6 per cent in 1998.

There is evidence of higher than average labour market discouragement in this age group, mainly among 55 to 64 year olds. Nevertheless, the extent of 'unemployment' among older people should not be exaggerated. Chart 3 shows that their unemployment rate remains significantly less than for people under 35 years of age. When account is taken of discouraged workers (Attachment A), older people's 'unemployment' rises, but while it would be greater than for people of prime working age it would not be worse than that for people under 30 years of age.



Source: Labour Force Australia, ABS, Cat. No. 6203.0

The proportion of people aged 45 to 64 who are not in the labour force increased from around 42 per cent in 1979 to around 44 per cent in 1985. Chart 4 shows that since 1985 there has been a continuous decline in the proportion of this age group who were not in the labour force. This trend has been driven by increasing women's labour force participation over a period of stable men's labour force participation. The proportion of 45 to 64 year olds who were not in the labour force was 34 per cent in 1998.



Source: Labour Force Australia, ABS, Cat. No. 6203.0, Ausstats

Labour Market Trends by Gender

These general labour market trends do mask some significant differences in trends for men and women. The labour market situation for women has improved quite dramatically over the last 20 years. While the position of older men in the labour market clearly deteriorated in the 1970s and early 1980s, there have since been encouraging signs of stability. These trends are summarised below and more detailed information on trends for older men and women is provided in Attachment B.

Labour Force Participation: Among men aged 45 to 54, there has been a small increase in the proportion not in the labour force (ie neither employed or looking for work) from around 9 to 13 per cent. The proportion of 55 to 64 year old men who are not in the labour force increased from 30 to 40 per cent between 1979 and 1985 but has been stable ever since. This strongly contrasts with the situation for women. The proportion of older women who are not in the labour force has declined substantially over the last 20 years – from over 50 per cent to 30 per cent for women aged 45 to 54 years and from 80 per cent to under 70 per cent for women aged 55 to 64 years.

The Retirement Income Modelling Unit has produced projections of labour force participation by age and gender from 1995 to 2056 (Attachment B). They indicate continued strong increases in female participation rates until 2026, with a more modest rate of increase thereafter, and small declines, by at most a couple of percentage points over the entire period, in male participation rates. Of some interest is their projection that females aged 45 to 54 years will attain the same participation rate as their male counter parts by 2051 but that there will be virtually no change in participation rates of 60 to 64 year old males.

Employment: Over the last 20 years, the proportion of older men who are employed has declined. This decline occurred first and most dramatically for men aged 55 to 64 years over the 1970s until the mid 1980s, however this trend reversed around 1993 and there has been an increasing proportion in work since then. The proportion of men aged 45 to 54 years who are employed has declined by a comparatively small amount. For both age groups the decline in full time employment has been only slightly greater than the decline in total employment.

In contrast, the proportion of women aged 45 to 54 years who are employed has risen by over 20 percentage points to around 66 per cent and the proportion who are employed full time has risen by over 10 percentage points to just under 40 per cent. The proportion of women aged 55 to 64 years who are employed has also risen by over 10 percentage points to just over 30 per cent, with the proportion employed full time rising from 12 per cent to 15 per cent.

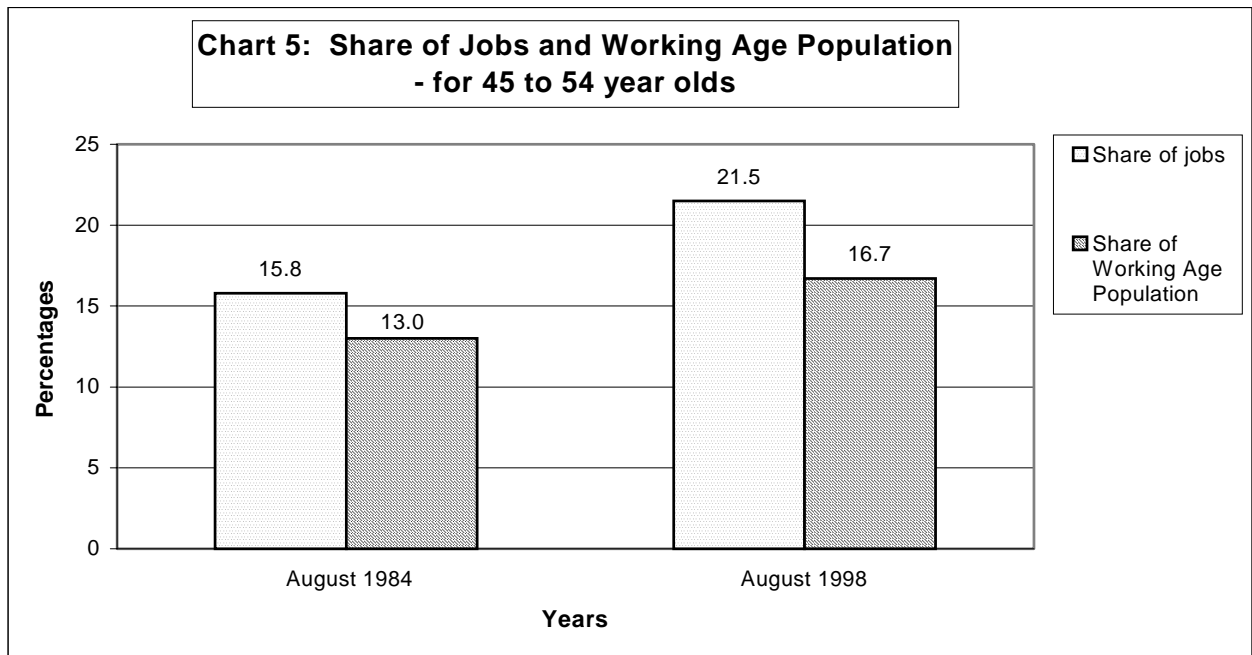
Unemployment: Unemployment for both older men and older women has increased over the last 20 years. Most of the increase occurred at the time of the 1982-83 and 1990-91 recessions, with the latter clearly having a more adverse impact. At these times, older male's unemployment rose more than did older women's unemployment. There are now slightly more than 5 per cent of men aged 45 to 54 years and 4 per cent of men aged 55 to 64 years who are unemployed. Just over 3 per cent of women aged 45 to 54 years and around 1.4 per cent of women aged 55 to 64 years are unemployed.

4.2 The increasing share of jobs held by older workers

There is clear evidence that older workers are continuing to improve their position in the labour market. Over the period from 1984 to 1998, people aged 45 to 64 years increased their share of total jobs. They were 24.4 per cent of all employees in August 1984 and 29.8 per cent of all employees in August 1998. This occurred while their share of the working age population increased only from 25.3 per cent to 27.7 per cent. Expressing this in a different

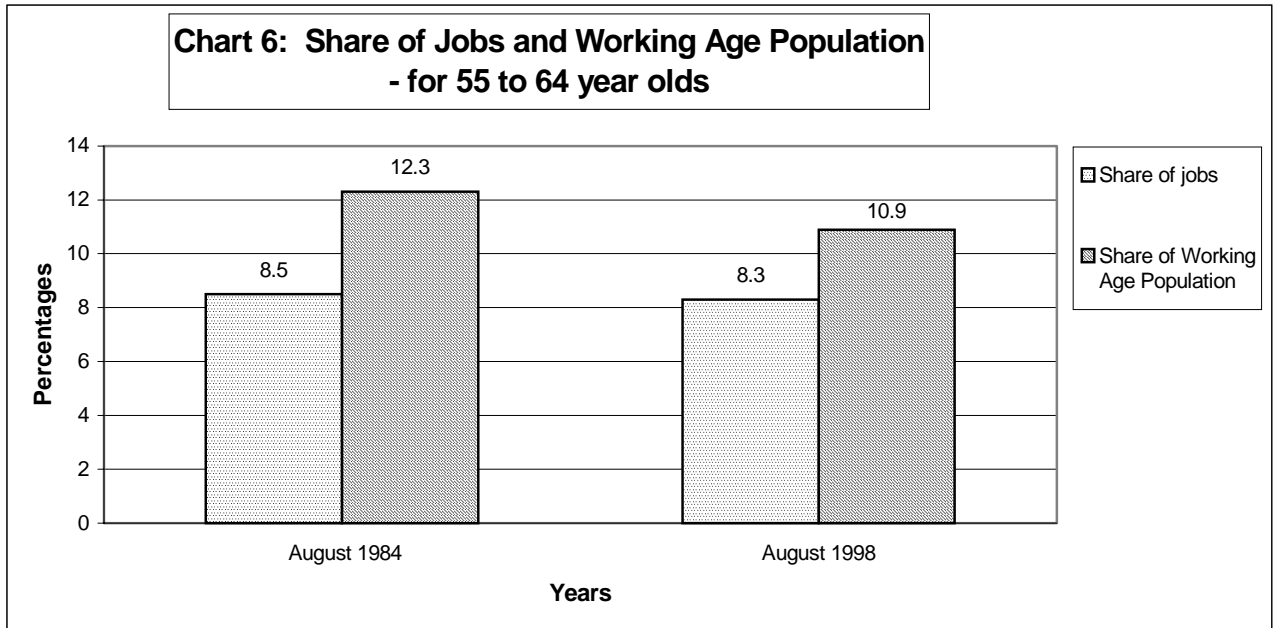
way, people aged 45 to 64 years received 46.6 per cent of the increase in employment from 1984 to 1998.

It is important to look separately at what has happened to the 45 to 54 year and 55 to 64 year age groups. This provides clear evidence that the labour market performance of the 'baby boom' generation is markedly stronger than that of previous cohorts of workers. Chart 5 shows that people aged 45 to 54 years held 15.8 per cent of all jobs in 1984 when they were 13.0 per cent of the population. Now that the majority of this age group consists of 'baby boomers', they hold 21.5 per cent of all jobs but are only 16.7 per cent of the population.



Source: ABS Labour Force, Australia, Catalogue No. 6203.0

Chart 6 shows that people aged 55 to 64 have also performed strongly in holding jobs over the period from 1984 to 1998. Their share of jobs declined only slightly from 8.5 per cent to 8.3 per cent while their share of the population declined more markedly from 12.3 per cent to 10.9 per cent.



Source: ABS Labour Force, Australia, Catalogue No. 6203.0

4.3 Maintaining an efficient and flexible labour market

Social Security provisions for older working age people are important in maintaining an efficient and flexible labour market. Although they are primarily aimed at alleviating poverty they clearly play a role in the overall structure of incentives for people to either maintain labour market contact or retire.

There has been a trend to early retirement among older male workers, particularly over the late 1970s and early 1980s, but not among female workers. While a significant proportion of this trend among older men has been involuntary, there would be serious negative consequences if the trend continues. The greater the flexibility and range of skills available in the labour force the more able it is to respond to the demands of a dynamic economy. Reductions in the level and quality of labour generally would be expected to reduce the level, and rate of growth, of economic activity below the economy's potential.

Most older workers have many years in the workforce and have built up valuable skills. While there has been a group of older workers who are relatively poorly educated and who have had a relatively poor capacity to adapt to changing technology and industrial structures, there is no evidence that this is generally true for older workers. However, this is likely to be less of a problem in future; those under 55 years of age have vastly greater levels of secondary education (see Table 1, page 5) and exposure to computer technologies than do older people (see Table 2, page 5) and these cohorts will soon flow through to the 55 to 64 age group.

Early retirement can have adverse consequences on labour market functioning. Once out of the labour market, older people may not be easy to bring back into the labour force in response to labour shortages. Labour shortages, whether of particular skills or in particular sectors of the economy, can generate pressure for general wage increases which can adversely affect employment levels.

Do early retirement schemes work?

While early retirement might be seen as a way to reduce unemployment generally or improve the employment of some other group of workers (for example, to create opportunities for young unemployed people) it does not always work this way in practice. In the worst case, they may not be replaced at all. In other cases, when a person retires early, they may be replaced by a person who was not previously unemployed and/or who was not previously on an income support payment.

There is clear evidence of this happening in Australia during the 1980s, when a significant number of jobs were created. Much of the demand for new employees was met, not by unemployed people or people on income support, but by a highly responsive supply of married women and students, rather than unemployed youth. Between August 1984 and August 1989, the number of people in jobs grew by 1.3 million but the associated reduction in the number of people receiving unemployment payments was only 194,500. Between 1984 and 1989, total unemployment fell by only 139,000 people.

There was a tendency in a number of OECD countries in the 1970s and early 1980s to promote early retirement in order to free up scarce jobs for younger unemployed people. While there is still doubt as to the success of even the most tightly targeted of these schemes, there is little doubt that the increased cost of encouraging early retirement has been a significant factor in their demise. The International Labour Organisation reported that:

The total impact of such measures on the problem of youth unemployment was negligible. New entrants to the labour market often lacked the experience and know-how necessary for the jobs vacated by older workers. More often, however, the jobs just disappeared.

The International Labour Organisation also found that industries were taking advantage of the early retirement schemes to transfer some of the costs of restructuring their business and workforce to government and that many retrenched older workers would have been made redundant regardless of the operation of the early retirement schemes.

There is now a general view among OECD countries that encouraging early retirement is not an effective way to create additional labour market opportunities for the unemployed. Large-scale early retirement and work sharing schemes are blunt instruments and are unlikely to lower unemployment, or to benefit designated groups. The International Labour Organisation also believes that such schemes are also highly undesirable in the context of ageing populations and the threat this has for prospective growth in living standards.

Policies to reduce early retirement

The Department of Family and Community Services accepts these arguments against encouraging early retirement and believes they are soundly based. They need to be understood by the Australian community, as do the cost implications of ageing and early retirement. It is also important for the Australian community to be made aware of the improvements in the labour market situation of older workers which have occurred since 1985 to prevent the development of a climate conducive to early retirement. Older people can and *are* making a growing contribution to Australia's productive capacity.

There are clearly stereotypes about older workers that are inaccurate. These include that older workers have deteriorating physical and mental abilities, are not receptive to technological change, lack appropriate skills and are not worth retraining. There are many arguments to counter these general claims; for example, arguments that claim employers cannot recoup sufficient benefits from retraining older workers, include:

- increasing casualisation and mobility of the labour force means that younger workers are as, or more, likely to move on to other jobs as older workers are to retire; and
- the rapid rate of technological change increases the probability that skills acquired now, by people of any age, may well become redundant quite quickly.

The Department of Family and Community Services recognises that, for many who can support themselves, early retirement can be a legitimate lifestyle choice. It is an issue for government only when it results in access to income support earlier, or at a higher level, and taxpayers have to bear the burden of an individual's lifestyle choice. The Department also recognises that there are older people who have been badly affected by economic restructuring and that many older working age people wish to work but face very significant labour market disadvantages. There clearly is a larger group of older workers whose low level of economic activity is involuntary than there was several decades ago. The proportion of older workers who are 'unemployed' or 'discouraged' has increased from 4.9 per cent in March 1984 to 5.4 per cent in September 1998.

5 Labour Market Assistance

5.1 Effectiveness of Earlier Programs

In the late 1980s, Australia began to adopt the 'active society' approach to income support arrangements which had been, and continues to be, advocated strongly by the OECD. This gave rise to the Newstart and Jobs Education and Training programs and the Disability Reform Package. These initiatives sought to ensure that people receiving Government income support payments were encouraged to remain economically active, look for work, undertake training or accept subsidised jobs. Part of this approach included pilot arrangements aimed at assisting older unemployed people (aged 55 years and over). This pilot, the 'Older Unemployed Labour Market and Income Support Strategy', was implemented in 1990 and its evaluation was completed in May 1992.

Jarvie and McKay (1993) summarised the findings of the evaluation as follows. It "showed that the systemic barriers facing this group – including the attitudes of employers, the community and the older unemployed themselves; together with their likelihood of having health impediments and their lack of relevant skills – limit the effectiveness of special Government assistance in the form of counselling and labour market programs". They concluded that "Attitudes have to change, and the Government can only be the facilitator: it cannot dictate change."

The evaluation found that the pilot did not measurably improve the employment or education outcomes of unemployed 55 to 64 year olds. A major caveat is that the 1990-91 recession occurred immediately after implementation of the Older Unemployed Strategy and its impact casts considerable doubt over the extent to which the evaluation findings can be generalised.

However, there were a number of evaluation findings that might have relevance to the forms of assistance provided to older unemployed people, the importance and potential of campaigns to influence attitudes to employment outcomes of older people and the potential for reforms to social security arrangements to counter the increasing dependence of older people on social security. They include:

- older unemployed people appeared to have better outcomes from wage subsidy assistance (JOBSTART) than from training through Skillshare, JOBTRAIN and Job Search Training;
- there was some success in changing community/employer attitudes to older unemployed people;
- outcomes for women, despite many being less skilled, were better than for men. This was attributed to them being more motivated, more receptive to the idea of training and less selective in the type of work they were seeking;
- there was resistance to accepting older workers by training providers, apparently based on the belief that older workers had less chance of achieving a positive outcome and that providers continued funding was dependent on participant outcomes; and
- both employers and older people believed the Government supported early retirement and felt that the ages of 60 for women and 65 for men were compulsory retirement ages. It is worth noting that the evaluation included a recommendation to undertake a marketing campaign aimed specifically at changing attitudes.

The 1993 evaluation of the JOBSTART program appeared to confirm the finding in the evaluation of the Older Unemployed Strategy that wage subsidies are an effective form of employment assistance for older people (see Table 14, page 48 of *An Evaluation of JOBSTART*, DEET, November 1993). There has been very little new Australian information on the relative effectiveness of labour market programs for different age groups since 1993. It is still too early to know the results of innovative approaches by Job Network Members under Employment Services Market Reforms.

5.2 Job Network Services

The 'Job Network' was a major reform to the provision of labour market assistance introduced from May 1998. There are currently approximately 300 Job Network Members in over 1,400 sites. Around 2.2 per cent of Job Network Members specialise in services for 'mature workers'.

The range of services available through the Job Network includes; Job Matching, Job Search Training and Intensive Assistance which is individually tailored help for job seekers assessed as requiring intensive and personalised assistance to secure employment.

Other forms of assistance include the Community Support Program, New Enterprise Incentive Scheme and Entry Level Training Assistance.

The most significant determinant of the type and level of Job Network assistance provided to older people is the Job Seeker Classification Instrument. The Job Seeker Classification Instrument score is calculated by collecting information on the particular characteristics of a job seeker. Attachment C contains further details on the operation of the Job Seeker Classification Instrument. Older people can accumulate Job Seeker Classification Instrument points quite rapidly and, while this can help a person obtain early access to Intensive Assistance, it can also work to preclude older people from accessing Job Search training - a simple and cost effective form of employment assistance.

Older unemployed people have a high level of access to Intensive Assistance. In early 1999, around 230,000 unemployed customers were receiving Intensive Assistance. The proportion of each age group being assisted increases with age until around 60 years of age. Around 50 per cent of unemployed customers aged 45 and over were receiving Intensive Assistance.

At this early stage of the Job Network, there is little known about the level or forms of assistance actually being provided to different groups of job seekers receiving Intensive Assistance by Job Network Members. In particular, older people with significant workforce barriers may require more assistance over a longer time frame than other job seekers.

6 Social Security receipt among older working age people

6.1 Basic income support payments

Older Australians of workforce age have access to a complex array of social security payments in the years leading up to age pension age. When claiming income support, those eligible are streamed into one of a number of payments depending on individual circumstances such as age, marital status, gender, health and recency of workforce experience. Many of these payments currently provide what are effectively early retirement options for people willing to live on a low income.

Older working age Australians have been able to access pensions through the Departments of Veterans' Affairs and Social Security. The largest cohorts of war veterans have now moved onto age pensions and so older working age Australians are now more likely to claim Social Security payments than was previously the case.

Pensions which were based on assumptions of the dependence of women have been largely abolished or closed off (ie generally no new grants of these payments are made). These pensions include Wife Pension and Widow A and B Pensions. These have been replaced by a range of non-activity tested allowances³ - Mature Age Allowance, Partner Allowance and Widow Allowance – which, except for Widow Allowance, are available to both men and women.

The age pension age for women is being progressively raised to 65 years, leaving Disability Support Pension, Carer Payment and Parenting Payment (single) as essentially the only remaining pensions for working age people.

Details of the Social Security payments available to older working age people are at Attachment D.

6.2 Increasing dependence of older people on basic income support payments

The last 20 years has seen a considerable increase in dependence on basic income support payments among older working age people. In 1978, there were 554,000 people aged 50 to 64⁴ receiving a basic income support payment either as a veteran or from Social Security. These people comprised 26.8 per cent of all people aged 50 to 64. By 1997, there were

³ Allowances generally have tighter income and assets tests than pensions and the rates for allowances are often lower.

⁴ Most FACS research on older people of workforce age has focused on the 50 years and over age group. Most of the data and tables in this submission are drawn from that research. However, it should be noted that the age pension age for women was 60 until 30 June 1995. From 1 July 1995, the age pension age for women is gradually increasing to be 65 years in 2013.

893,000 people aged 50 to 64 receiving such payments, 33.5 per cent of the relevant population. Supporting data is at Attachment E.

This increase in the number of 50 to 64 year olds receiving income support since 1978 now costs an extra \$2.6 billion a year. About half of this increase is due to the ageing of the population with more people being aged 50 to 64 years, but the remaining half is due to increasing dependence on income support among such people. This increased dependence has occurred despite signs of improving overall labour market performance by older people and the relative stability in the proportion of this age group who are employed full time. The labour market experience of this group is discussed in sections 4.1 and 4.2.

Most of this increasing dependence on income support occurred over the period from 1978 to 1985 when the proportion receiving basic payments increased by around 5 percentage points from 26.8 per cent to 31.7 per cent. Since then there has been a net increase of only around 2 percentage points. This has been the result of periods of improvement in the economy before and after the 1990-91 recession and significant deterioration during that recession. Table 3 below provides some details on movements in the level of dependence over the last 20 years by gender.

Table 3: Proportion of People Aged 50 to 64 years Receiving Income Support Payments: Decomposition of Increase over the Period 1978 to 1997 by Gender

Period	Men (%)	Women (%)	People (%)
In 1978	17.0	36.5	26.8
1978 to 1985	Constant increase during period Up 8.5% points	Trending down except for 1982 to 1984 Up 1.4% points over the period	Up 4.9% points
1985 to 1990	Down 4.4% points	Down 0.4% points	Down 2.5% points
1990 to 1995	Up 6.5% points	Up 5.2% points	Up 5.9% points
1995 to 1997	Down 0.1% points	Down 3.2% points	Down 1.6% points
In 1997	27.5%	39.5%	33.5%

The increasing dependence of older people on income support at the same time as higher proportions are in employment presents something of a puzzle. It seems likely that it has occurred because of the way employment is distributed among families. Women who have moved into both full and part time jobs tend to have partners who are also employed. Jobless men tend to have jobless wives. There are now more older working age people in families where neither partner works as well as more single older jobless people resulting in a

considerable increase in dependence on income support. Most of the growth in income support dependence for older working age people has been in payments that are not activity tested.

Table 4 provides information on the main income support payments currently received by older working age people. Of approximately 900,000 income support recipients aged 50 to 64, 32 per cent are on Disability Support Pension. A further 24 per cent are women receiving Age Pension and only 12 per cent receive Newstart Allowance. The remainder are divided fairly evenly between the various workforce-age pensions and non activity tested allowances (about 15 per cent each).

Table 4: Main Basic Income Support Payments Received by People Aged 50 to 64 Years

	Men	Women	All persons
Disability Support Pension	204,600	79,200	283,900
Unemployment payments	81,000	28,600	109,600
Mature Age Allowance	52,800	600	53,400
Partner Allowance	4,100	50,300	54,400
Widow B Pension / Widow Allowance	N/A	34,800	34,600
Wife Pension / Mature age Partner Allowance	N/A	93,500	93,500
Age Pension*	N/A	208,300	208,300
Other minor payments	29,000	26,200	55,200
TOTAL	371,500	521,600	893,100
TOTAL POPULATION	1,350,409	1,319,141	2,669,550
Per Cent Receiving Payment	27.5	39.5	33.4

*Note: Age pension age for women is currently 61 and will not reach 65 until 2013. This figure is included for statistical completeness.

**Note: Totals may not reflect sum of figures as all numbers are rounded to nearest 100.

Source: DSS and DVA data for June 1997

There are marked differences in the particular payments received by men and women. Most older working age men on income support receive Disability Support Pension (55 per cent) with the remainder receiving Newstart (22 per cent) or Mature Age Allowance (14 per cent). But these three payments are received by only about 21 per cent of older working age women on income support. Currently, most older working age women on income support (65 per cent) receive pensions that are being phased out and replaced in large part by non activity tested allowances.

Just under 84 per cent of older working age people (ie men aged 50 to 64 years and women aged 50 to 61 years) on income support receive payments free of any obligation to attempt to support themselves by seeking and accepting offers of work. For all payments, except

Newstart Allowance, labour force participation is optional and few recipients leave payment because of employment. Even the Activity test for Newstart Allowance recipients aged 50 years and over is less stringent than for younger groups because of reduced reporting requirements and greater scope for voluntary work. In addition, the eligibility criteria for people aged 55 years and over claiming Disability Support Pension is less stringent than for younger age groups as the availability of work to the person in their local labour market can be taken into account.

The availability of income support without activity requirements allows older people, whether by active choice or by default, to receive payment for long periods of time and to withdraw more or less permanently from the labour force. This may result in long-term welfare dependency, isolation from the community, lower income and poorer health in retirement.

6.3 Non-activity tested allowances

Mature Age Allowance, Partner Allowance and Widow Allowance are paid at the same rates as Newstart Allowance but without activity test obligations. As noted above, these payments were intended to recognise that older customers *without recent workforce experience* face a significant disadvantage in the labour market. For example, Mature Age Allowance was introduced in 1995 in response to the difficulties that older people were experiencing in finding employment in a very tight labour market. Unemployment figures at the time were at record heights and Mature Age Allowance relieved older workers of the burden of reporting usually fruitless job search activities.

However, the current definition of recent workforce experience is a fairly crude indicator of labour market disadvantage. It does not take into account the capacities of individuals who, for some reason, have not recently been in the full-time workforce but who have skills and opportunities to allow them to re-enter it. Recent Departmental research involving a customer participation survey (see Attachment F) shows that a significant number of customers in receipt of Partner Allowance (13 per cent), Mature Age Allowance (9 per cent) and Widow Allowance (20 per cent) report having income from paid employment, compared to 21 per cent of Newstart Allowance recipients aged 50 and over. This suggests that the similarities are greater than the differences among recipients across these payments.

As a group, older customers in receipt of the aforementioned payments are as disparate as the general Newstart Allowance population. Some are able easily to access labour market opportunities and others are not. The customer participation survey clearly indicates substantial rates of participation in both economic activities (paid work, self-employment, job search, study) and social/community activities (providing care for children or adults with a disability, voluntary work) by older Newstart Allowance customers and people receiving non-activity tested payments.

Non-activity tested allowees can face a greater risk of long term dependence on income support payments than do activity tested customers as there are no specific measures in place to require, encourage or facilitate economic or social participation by this group. Prolonged periods without earning in the 20 years leading to age pension age can result in erosion of skills and personal savings, increasing marginalisation within society and increased risk of low incomes and poor health in retirement.

The current categorical approach to the provision of income support for older workers results in people in similar circumstances being treated differently depending on which payment they receive. It also means that people with quite different employment prospects are treated the

same. Expectations for all are based on what is appropriate for the most disadvantaged within each group. While it is important to recognise the difficulties that age, workforce disadvantage and some level of incapacity can cause, these factors vary significantly in importance for different individuals and are not necessarily insurmountable nor incompatible with paid work.

6.4 Trends in the incidence of Disability Support Pension

Income support for people with disabilities is an important issue for the individuals concerned and for wider economic and social reasons. Original projections from the *Study of Unmet Demand* published in 1997 indicated that Disability Support Pension numbers would rise from just over half a million currently to a peak of between 750,000 and 930,000 recipients by the year 2006. However, current data reveals a significant decline in the overall growth rate for Disability Support Pension. This suggests that the peak is likely to be towards the more conservative end of this projection. Although the rate of growth is currently decreasing, absolute numbers of people on Disability Support Pension are expected to rise well into the next century. As the baby boomers age, much of this growth would be expected to occur in people aged 50 to 64 years. Currently, about 38 per cent of new female claimants and 57 per cent of new male claimants are aged 50 and over - this age group accounts for over half of all new Disability Support Pension grants (Walsh, 1997, quoted in Ingles, 1998). Around 12 per cent of the male working age population aged 50 to 64 years were in receipt of Invalid Pension in 1987, and about 3 per cent of females aged 50 to 64 years. By 1997, these rates had risen to 15 per cent and 6 per cent respectively⁵.

Eligibility is based on the claimant having a physical, intellectual or psychiatric impairment which results in a continuing inability to work at award wages or participate in education or training for at least 30 hours a week, for at least two years. However, the condition of the local labour market and availability of suitable local employment is taken into account when assessing the capacity of people aged 55 and over to get a job within two years.

Disability Support Pension is paid at pension rates that are generally higher than those for customers receiving allowances such as Newstart Allowance. Disability Support Pension is not taxed unless the recipient has reached age pension age, is not activity tested and provides access to the more generous Pensioner Concession Card. It is likely to be more attractive than Newstart Allowance to people who have, or who perceive they have, few prospects in the labour market. In these circumstances, people may be more likely to test their eligibility for Disability Support Pension.

Structural changes in the labour market have increased competition for jobs. It is likely that the modern economic structure is less tolerant of workers with moderate degrees of ill health or incapacity. While eligibility for Disability Support Pension is based on medical disadvantage, there is econometric evidence that Disability Support Pension take-up is strongly correlated with unemployment rates (Morrow 1998). The (former) Department of Social Security Survey of Factors Assisting Employment (1997) found that discrimination on the basis of age and disability were two of the three key factors preventing customers from accessing or returning to employment.

⁵ This increase partly reflects the merging of Sheltered Employment Allowance and Invalid Pension in forming DSP, and the increased restrictions on Sickness Allowance (Walsh 1997). Another factor influencing this trend (and referred to elsewhere in the paper), is the closure of other payments previously available for this age group (particularly women).

Earnings from paid employment are generally consistent across the various social security payments available to older people. While reported earnings for Disability Support Pension customers are somewhat lower than this general trend, data indicates that this is increasing slowly over time. This, combined with the fact that there are many older people with more moderate disabilities on non-disability related payment types (eg Newstart Allowance) suggests that there may be increasing commonality among recipients in different payment categories. The resulting different levels of payment, access to concession cards, income tests and obligations may well create inconsistent workforce incentives and horizontal inequities between people with similar needs. Strong financial incentives are also created, possibly resulting in more people testing their eligibility for more generous payments such as Disability Support Pension.

There have been a number of initiatives since the early 1970s affecting basic eligibility criteria for Disability Support Pension. These have aimed to increase the importance of the level of impairment (physical, intellectual or psychiatric) in the assessment of eligibility and to reduce the extent to which socio-economic factors (age, skill level or labour market conditions) are taken into account. Despite such initiatives, there has continued to be strong growth in the number of people in receipt of Disability Support Pension although the latest data indicates a decline in the rate of growth.

6.5 Future affordability of the social safety net

Projections of the cost implications of ageing have proved to be very sensitive to the economic assumptions used, such as the assumed rate of productivity growth. There is general agreement that the cost to society of aged people is greater than the cost of young people. Gallagher (1995) estimated that the financial cost to all governments of an aged person is 2.3 times that of a younger person and, for the Commonwealth Government, 4.1 times.

Two recent studies on the cost of an ageing population demonstrate the degree of divergence in estimates of the costs of ageing. These are those of Clare and Tupule (1994) contained in an Economic Planning Advisory Council Background Paper and those prepared by the Retirement Income Modelling Unit for the National Commission of Audit in 1996. Clare and Tupule estimated age pensions to increase by 1.4 per cent of Gross Domestic Product and health expenditures (public and private) to increase by 2.1 per cent of Gross Domestic Product. The National Commission of Audit study produced estimates of 1.1 per cent and 6.1 per cent respectively. Clare and Tupule concluded that the cost pressures were manageable by historical standards. The National Commission of Audit explicitly disagreed with their optimistic appraisal of the feasibility and desirability of raising taxes to meet the additional costs.

There are, however, also very large numbers of Australians already moving into the 50 to 64 year old age group and these people are more likely to receive income support payments than younger people. This is currently increasing the cost of the income support system. The Australian Bureau of Statistics estimates that the number of people aged 50 to 64 years will grow to over 4 million by 2011. If the proportion of this age group receiving income support remains the same as in 1997 (33.4 per cent), there will be a further 460,000 people receiving payment in 2011 which would cost around an additional \$3.6 billion per annum, assuming an average rate of \$300 a fortnight (roughly the same as now). However, as we have seen in Section 6.2, the assumption of no increase in welfare receipt among the older working age population is not supported by trends over the last 20 years.

7 The Retirement Income System

The retirement incomes system is intended to encourage people to achieve a higher standard of living in retirement than would be possible from the age pension alone. This system has three components; the Age Pension, compulsory superannuation, and voluntary superannuation and other savings. The level of superannuation and other savings which people accumulate can affect the total number of people dependent on the social security system and the level of payment they receive in retirement. For most people the best way to prepare for retirement is to remain in the workforce and maximise retirement savings rather than withdraw from the workforce early.

The wider coverage of superannuation, and higher levels of superannuation savings attributable to the Superannuation Guarantee, may mean that more older people have sufficient means to consider earlier retirement. In recent years, however, there have been a number of initiatives that may, amongst other objectives, also reduce any existing incentives to early retirement and encourage longer workforce participation. These include:

- a gradual increase over 20 years in the age pension age for women;
- full preservation of all Superannuation Guarantee contributions from 1 July 1993;
- progressively increasing the compulsory preservation age for occupational superannuation from 55 to 60 commencing in 2015 and finalised by 2025; and
- the introduction of the Pension Bonus Scheme.

7.1 Superannuation and Savings

The coverage of, and savings held in, superannuation have risen dramatically over the last 15 years mainly because of superannuation initiatives, beginning in the 1980s with Productivity Award Superannuation and built on with the Superannuation Guarantee Charge introduced in 1992. Currently 95 per cent of all full time employees are covered by superannuation. An estimated \$364.6 billion are held as superannuation assets. Examples of average balances in individuals' superannuation accounts are \$10,000 in retail sector funds and \$4,000 in industry funds.

Approximately 80 per cent of the \$5.6 billion benefits paid in the year to September 1998, excluding transfers, were paid as lump sums. Information from the Insurance and Superannuation Commission (now the Australian Prudential Regulatory Authority) indicates that half of all lump sums taken in 1992/93⁶ were either transferred into other superannuation funds or rolled over within the same funds and that this mostly occurred with large lump sums.

Superannuation savings must be preserved until the contributor turns 65 or satisfies a condition for their early release. These conditions include retirement, death, becoming permanently incapacitated, or suffering temporary incapacity or severe financial hardship. 'Retirement' cannot be used as a basis for early release until a person reaches preservation age. This is currently 55 years for people born before 1 July 1960 but will be gradually increased in stages to 60 years by 2025 for people born after 1 July 1964.

As Age Pension is not available until age 65 for men and 61 (rising to age 65 by 2013) for women, there is a gap between the earliest point when a person can access some or all of their superannuation and the age pension age. As well, people aged less than 55 years, who are in

⁶ This is the most recent data.

receipt of social security payments for more than 26 weeks, are able to apply for early release of up to \$10,000 each year under hardship provisions. We understand that approximately 8,000 claims are being made each month. Payments can also be released for those assessed by trustees (or their insurers) as permanently disabled.

7.2 Interaction between superannuation and the Social Security system

Aspects of the Australian superannuation/income support systems that have been the focus of some comments include the means tested nature of the age pension system which may lead some people to arrange their affairs so as to maximise their pension entitlement rather than their total retirement income. Other concerns that have been discussed are the availability of superannuation benefits as lump sums and the gap between the preservation age for superannuation and the age pension age.

It has been argued by some commentators that the availability of superannuation benefits as lump sums, combined with the current level of the preservation age could allow for early retirement and provide opportunities in the system for 'double dipping.' By retiring early, retirees could obtain and use up a superannuation lump sum funded in part by substantial tax concessions and then, having done so, also obtain social security benefits.

Although it appears that the structure of Australia's retirement income system could facilitate early retirement, there is no conclusive data to support this. For instance, in relation to double dipping, data from the Australian Bureau of Statistics clearly shows that most people with significant amounts of superannuation invest their money rather than dissipate it.⁷

Australian Bureau of Statistics data on lump sums paid to people aged 45 years and above in November 1997 indicates that of the 224,900 people who were due to receive a lump sum or who were aware of receiving a lump sum in the preceding 4 years:

- 59 per cent had either invested the money or purchased a pension or annuity;
- 14 per cent had paid off or bought a new home;
- 5 per cent paid off an outstanding debt;
- 4 per cent paid for a holiday or helped family members;
- 3 per cent paid for or bought a car; and
- 10 per cent were undecided on how they would use the lump sum.

Since September 1997, under the *Social Security Act 1991*, superannuation investments have been included in the means test for people aged between 55 and the age pension age, if they have received income support for at least 39 weeks after age 55. Superannuation assets are generally otherwise exempt from the means test for people less than age pension age.

Customers are expected to draw on their superannuation if they wish to make up for any loss of income support. However, it is also the case that, to the extent that superannuation or other assets are depleted or grow less than they otherwise would on account of this measure, the measure may in some cases increase pension entitlement at age pension age.

The Pension Bonus Scheme was introduced in July 1998 and provides a bonus to people who remain in employment and defer taking up the Age Pension. The maximum bonus is paid after 5 years of pension deferral. People can benefit from deferring pension until age 70.

⁷ ABS Retirement and Retirement Intentions Survey.

7.3 Impact of superannuation on early retirement

As discussed in the preceding section, it could be speculated that as superannuation savings increase and people feel more 'wealthy', early retirement with its potential for increased leisure may become more attractive for increasing numbers of people, especially as superannuation can be accessed before age pension age.

However, it will be many years before levels of superannuation savings accumulated through the Superannuation Guarantee system will reach a sufficient level to act as a possible significant 'inducement' towards early retirement.

Before the introduction of Productivity Award Superannuation, some 40 per cent of all employees were covered by superannuation in their main occupation. Coverage was concentrated in the public sector and among a relatively small group of generally higher paid private employees. If people are currently retiring early because of savings accumulated through long standing superannuation arrangements, they are likely to belong to the group of people whose high incomes and/or long contribution periods and membership of generous schemes produced good retirement outcomes. It may be the case that the availability of superannuation benefits at age 55 is contributing to a decision to retire early for some among this group. However, as noted earlier, early retirement, especially if it is voluntary, is generally an issue for Government only if it is financed by income support.

8 Conclusion

The issues affecting older unemployed people constitute an area of complex interactions between labour market incentives, opportunities and perceptions and retirement incomes policy, requiring further detailed research and modelling.

When considering policies for older people of workforce age, there are two points to be made. The first is that with the ageing of the population, and especially of the baby boom generation, the number of people in the 45 to 65 age group is rising rapidly. The second is that there is already a high level of dependence on income support in this group and this level of dependence has tended to increase over time. It would appear that an important objective for policies affecting this group is to encourage people to remain in the workforce for as long as possible and to remove incentives for them to leave early. By remaining in the workforce, they continue to contribute to national economic output and to the skill base of the labour market. Equally important is the contribution continuing work makes to their own well-being, not only financially by maximising pre-retirement and retirement income, but also in terms of health and participation in the community.

There is currently a very disadvantaged group of unemployed people in this age group that need to be assisted through appropriate and well targeted labour market assistance. It is also important for the Australian community to be made aware of the improvements in the labour market situation of older workers which have occurred since 1985. Communication strategies focusing on false stereotypes about older worker's capabilities and on undue pessimism about labour market prospects of older workers can help prevent unfair treatment and discouragement for these people in their efforts to find work.

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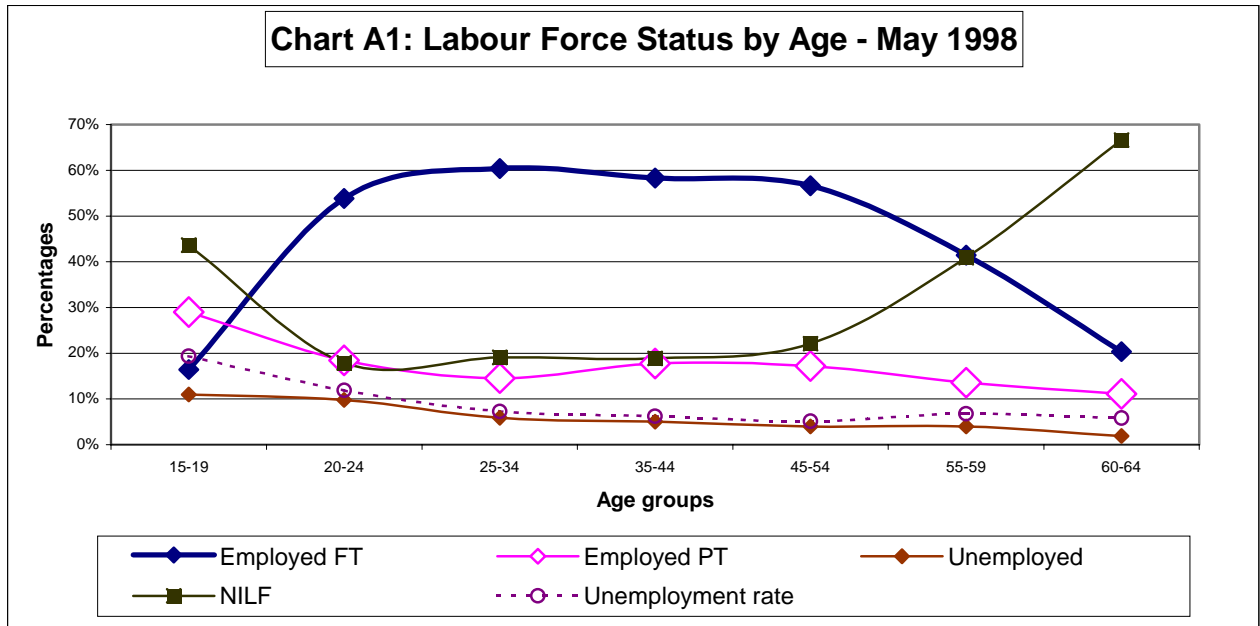
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ATTACHMENT A: BASIC FACTS ON THE CURRENT LABOUR MARKET SITUATION OF OLDER WORKING AGE PEOPLE

The main points to be made about older working age peoples' current labour market situation are:

- their labour force participation rate declines rapidly from around age 55 (see following Chart A1). In May 1998, participation rates for 35 to 44, 45 to 54, 55 to 59 and 60 to 64 year olds were 81.1, 77.9, 59.1 and 33.3 per cent respectively;
- in total 62 per cent of 45 to 64 year olds (2.54 million) are employed and 47 per cent are employed full time (1.93 million);
 - 74 per cent of 45 to 54 year olds are employed, 57 per cent employed full time;
 - 44 per cent of 55 to 64 year olds are employed, 32 per cent employed full time;
- job mobility falls with age (see following Table A1). The ABS classifies people as job mobile if they changed their employer/business and/or their location in the previous year;
- unemployment rates decline with age to be lowest for people aged 45 to 54, but increase around age 55 years only to decline again as retirement ages are approached (see Chart 3 in the main body of this Submission). In total, there were 150,900 people aged 45 to 64 who were classified as unemployed in August 1998;
- older unemployed people are more likely to experience longer unemployment durations, regardless of their gender, than other age groups. In August 1998, people aged 45 to 64 years had an average unemployment duration of 88.3 weeks, compared to 51.4 weeks for persons aged 15 to 44 years. Both older males and females exhibit this pattern;
- there is a higher than average incidence of underemployment among male part-time employees aged 45 to 64 years (see following Charts A2 and A3). In August 1998, around 35.2 per cent of part-time employed males aged 45 to 64 years wanted to work more hours, compared to 26.1 per cent for all persons aged 15 years and over;
 - while only 18.2 per cent of part time employed females in this older age group wanted to work more hours, there were significantly more women than men in this category. There were 87,500 women who were employed part time but wanted to work more hours compared to only 46,700 men;
- there is also evidence of a high incidence of involuntary withdrawal from the labour force among older people. They are disproportionately concentrated in the “discouraged job seekers” category. A higher proportion of women aged 45 to 64 years and men aged 55 to 64 who are not in the labour force are discouraged workers compared to the average for all persons. In total, there were 55,800 discouraged workers aged 45 to 64 in September 1998, 39,600 of whom were women (see following Charts A4 and A5);
 - while the proportion of men aged 45 to 54 not in the labour force who are discouraged workers is lower than the average for all persons, they have a higher incidence of wanting to work and looking for work compared to the average for all persons. In total, there were 8,900 people aged 45 to 64 who wanted to work and were looking for work who were classified by the ABS as not in the labour force in September 1998, 5,000 of whom were men (see following Charts A5 and A6).

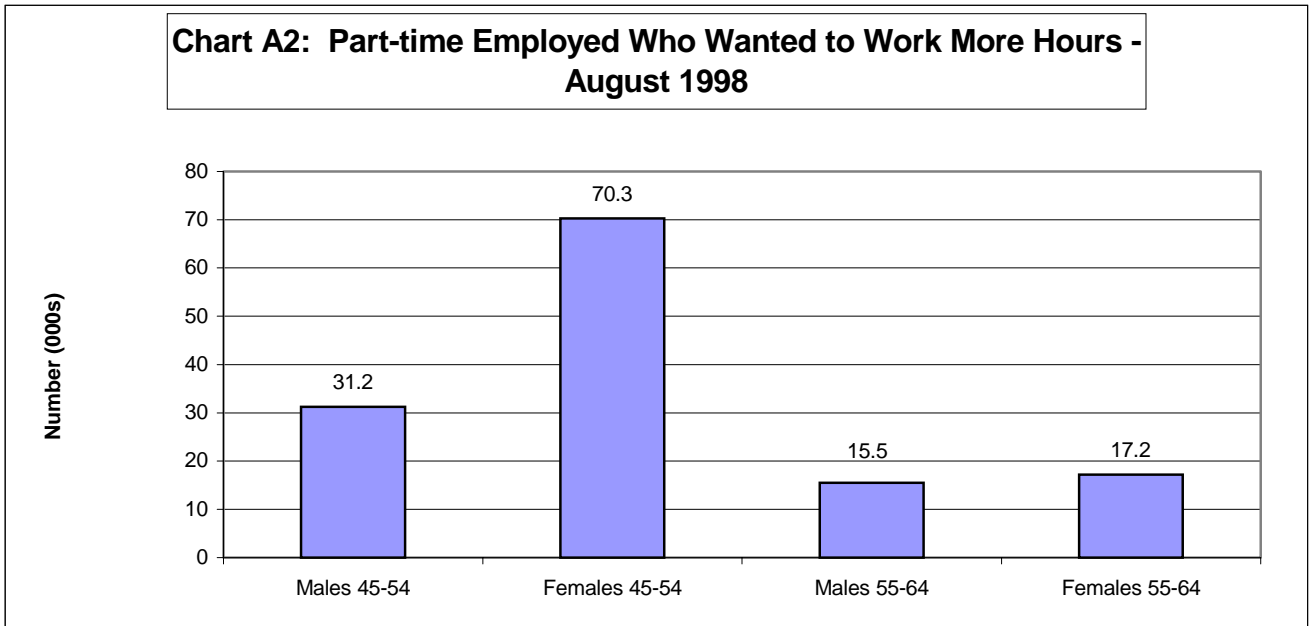


Source: Parry, 1998, p13

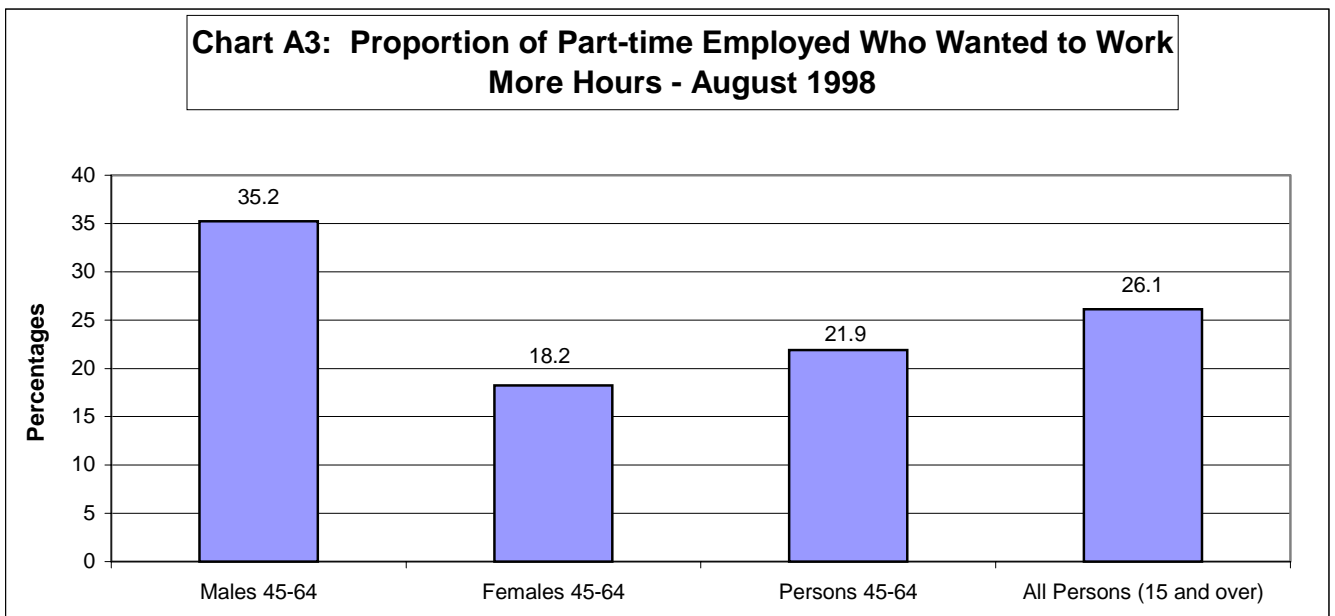
Table A1: Percentage Job Mobility among Persons Who Worked During the Year Ending February 1998 by Sex and Age Group

Age group	Male	Female	Persons
15 – 19	17.9	17.3	17.6
20 – 24	24.4	26.0	25.2
25 – 34	19.2	17.6	18.5
35 – 44	12.8	10.9	12.0
45 – 54	9.2	8.1	8.7
55 – 69	5.2	4.7	5.0

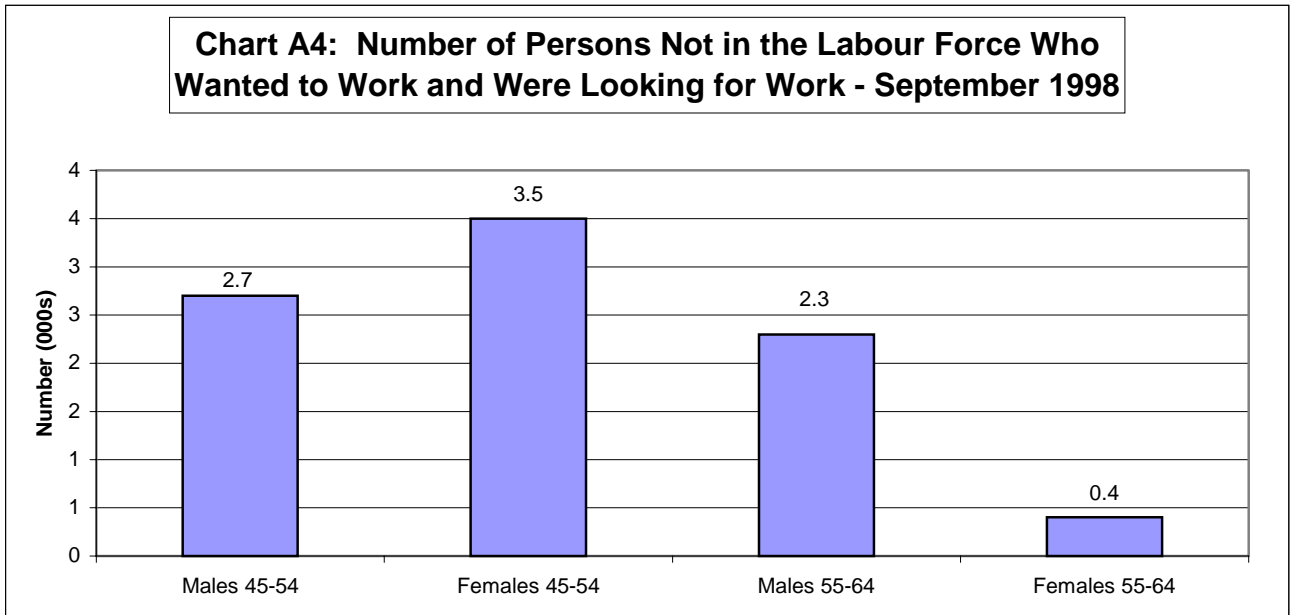
Source: Labour Mobility ABS Cat No. 6209.0, February 1998



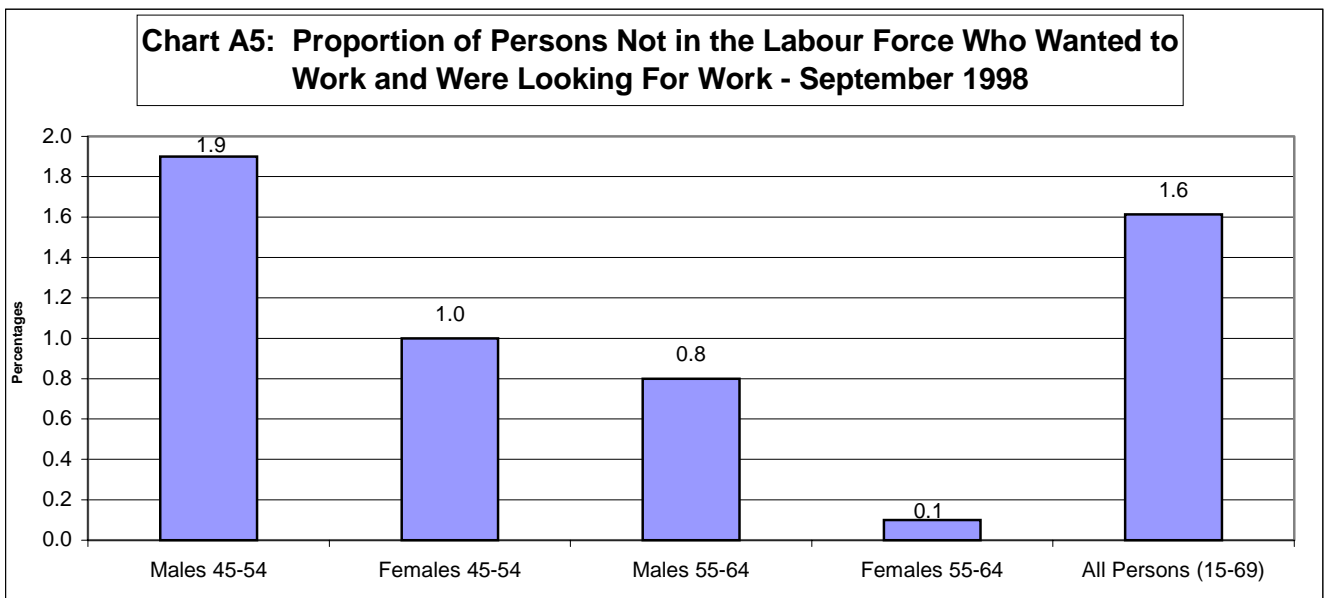
Source: Labour Force, Australia, Cat. no. 6203.0, August 1998



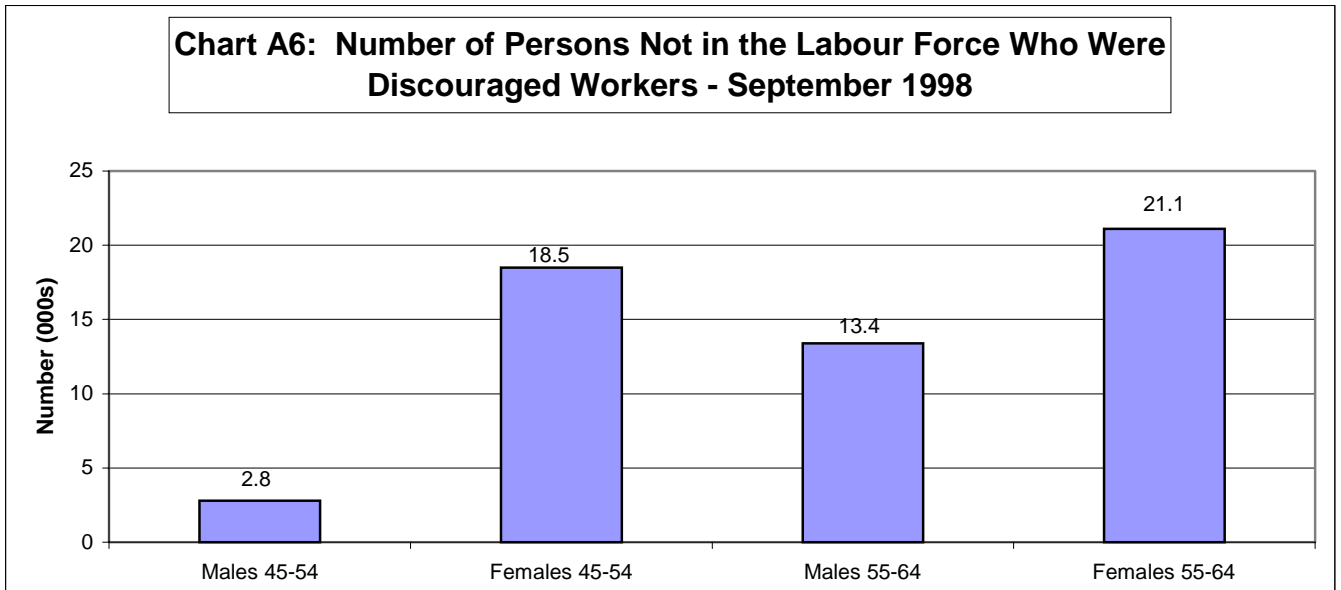
Source: Labour Force, Australia, Cat. no. 6203.0, August 1998



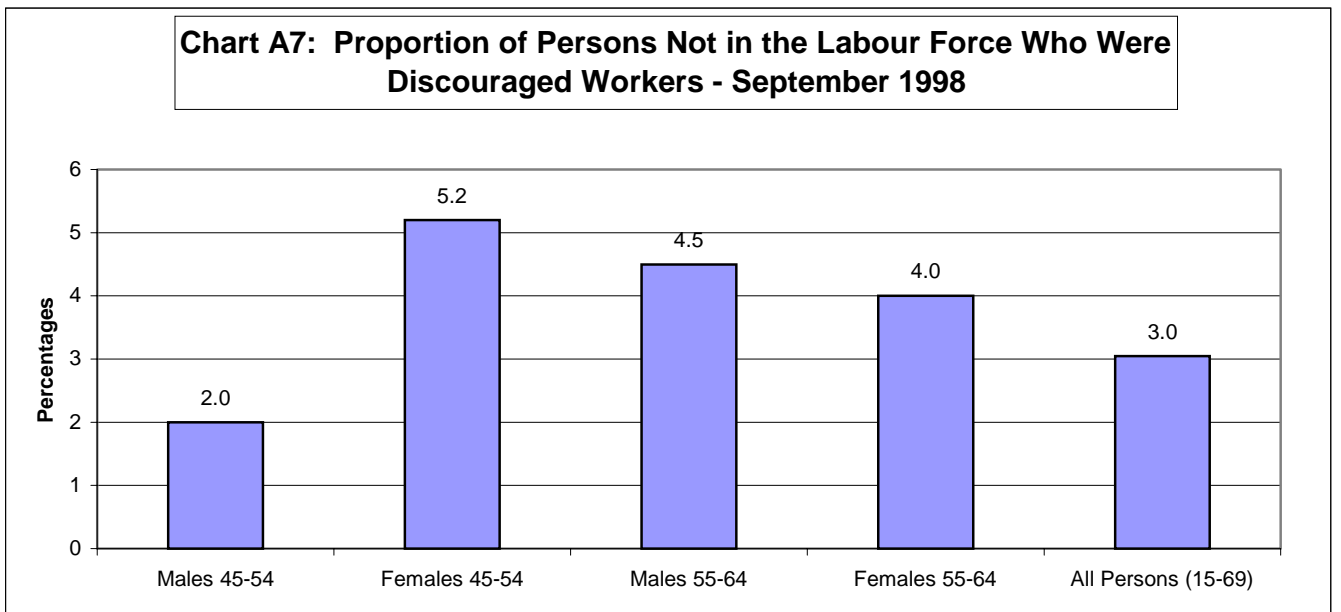
Source: Persons Not in the Labour Force, Australia, Cat. no. 6220.0, September 1998



Source: Persons Not in the Labour Force, Australia, ABS Cat. no. 6220.0, September 1998



Source: Persons Not in the Labour Force, Australia, ABS Cat. no. 6220.0, September 1998



Source: Persons Not in the Labour Force, Australia, ABS Cat. no. 6220.0, September 1998

ATTACHMENT B: TRENDS IN LABOUR FORCE STATUS OF OLDER MEN AND WOMEN

Details on the labour force status of all people aged 45 to 64 were provided in the main body of this Submission. There are however some significant differences in trends for men and women. The main trends for men and women are provided below.

Men

- The number of employed men aged 45 to 54 years has increased from just under 700,000 to more than one million over the last 20 years, while the number of employed men aged 55 to 64 years has risen only slightly from around 430,000 to 460,000 (see following Chart B1). The differences between these age groups largely reflect differences in the rate of growth in the population within these age ranges.
- The proportion of both these age groups who are employed has declined over the last 20 years. This decline occurred first and most dramatically for men aged 60 to 64 years over the 1970s and early 1980s and was followed later in the 1970s by a less dramatic decline for men aged 55 to 59 years. Since the 1982-83 recession the proportion of men aged 45 to 54 years who are employed has declined by a comparatively small amount, primarily at the time of the 1990-91 recession. There has been an increase in the proportion of men aged 55 to 64 years who are employed since August 1993 (see following Chart B2).
- The proportion of older men who are unemployed (not the unemployment rate which measures the number of unemployed as a proportion of the relevant labour force) has increased with each recession from around two per cent in August 1979, peaking at around 7 per cent in 1993. There have been significant declines in the proportions of these age groups who are unemployed since the 1990-91 recession. They are now just over 5 per cent in the case of 45 to 54 year olds and just over 4 per cent in the case of 55 to 64 year olds (see following Charts B5 and B6).
- The proportion of 55 to 64 year old men who are not in the labour market increased from 30 to 40 per cent between 1979 and 1985 but has been stable at around 40 per cent ever since. In the latter part of the 1980s improvement in the participation rate for men aged 60 to 64 years offset some continuing deterioration for men aged 55 to 59 years. Among men aged 45 to 54 years, there has been a small increase in the proportion not in the labour force from around 9 to 13 per cent (see following Charts B7 and B8).

Women

- Over the last 20 years, the number of employed women aged 45 to 54 years has more than doubled to over 810,000 and the number of these with full time employment has also more than doubled to around 460,000. The number of employed 55 to 64 year old women has increased by over 100,000 to around 250,000 and the number with full time employment has increased from around 80,000 to 120,000 (see following Chart B3).
- There has been significant increase in the proportion of women in these age groups who are employed, with recessions having very little impact on the upward trend. The proportion of women aged 45 to 54 years who are employed has risen by over 20 percentage points to around 66 per cent and the proportion who are employed full time has risen by over ten percentage points to just under 40 per cent. The proportion of

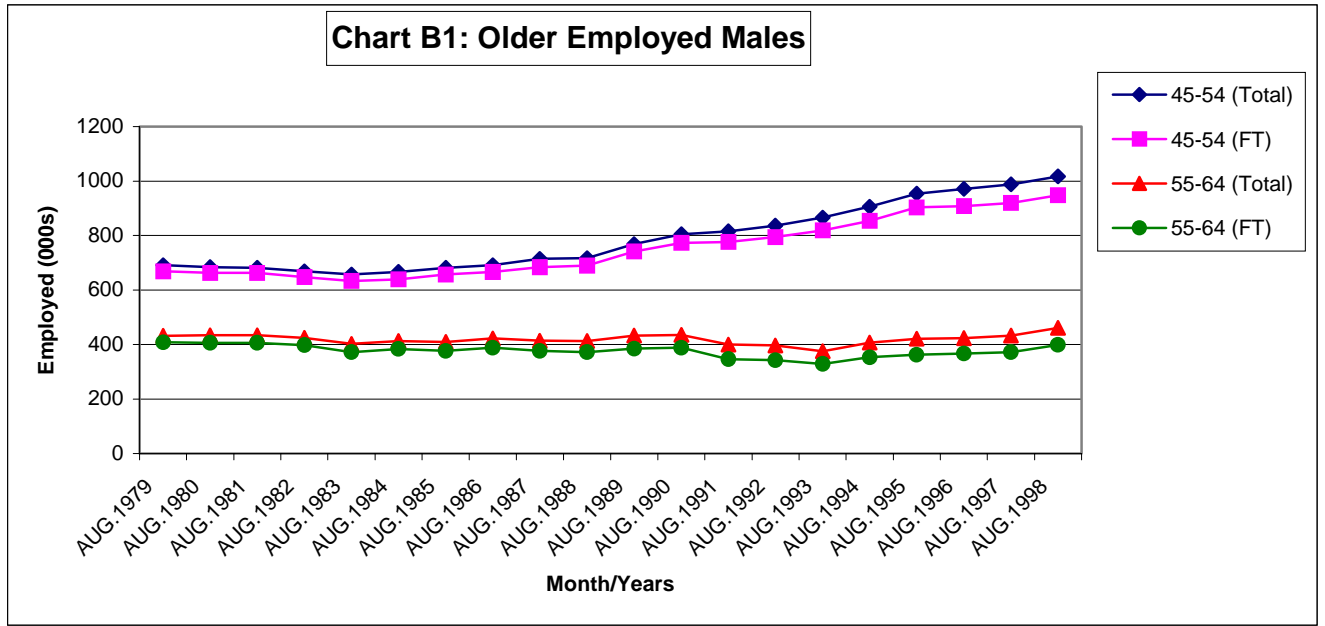
women aged 55 to 64 years who are employed has risen by over ten percentage points to just over 30 per cent and while the proportion of women aged 55 to 64 years who are employed full time has not risen as much, most of this increase (from 12 per cent to 15 per cent) occurred over the 1990s. This growth should be reinforced in the medium term as women's age pension age rises from its current 61 to 65 on 1 July 2013 (see following Chart B4).

- The proportion of older women who are unemployed (not the unemployment rate) has increased with each recession to over 3 per cent for women aged 45 to 55 years and around 1.4 per cent for women aged 55 to 64 years (see following Charts B5 and B6).
- These trends have been accompanied by substantial declines over the last 20 years in the proportion of women in these age groups who are not in the labour force – from over 50 per cent to 30 per cent for women aged 45 to 54 years and from 80 per cent to under 70 per cent for women aged 55 to 64 years (see following Charts B7 and B8).

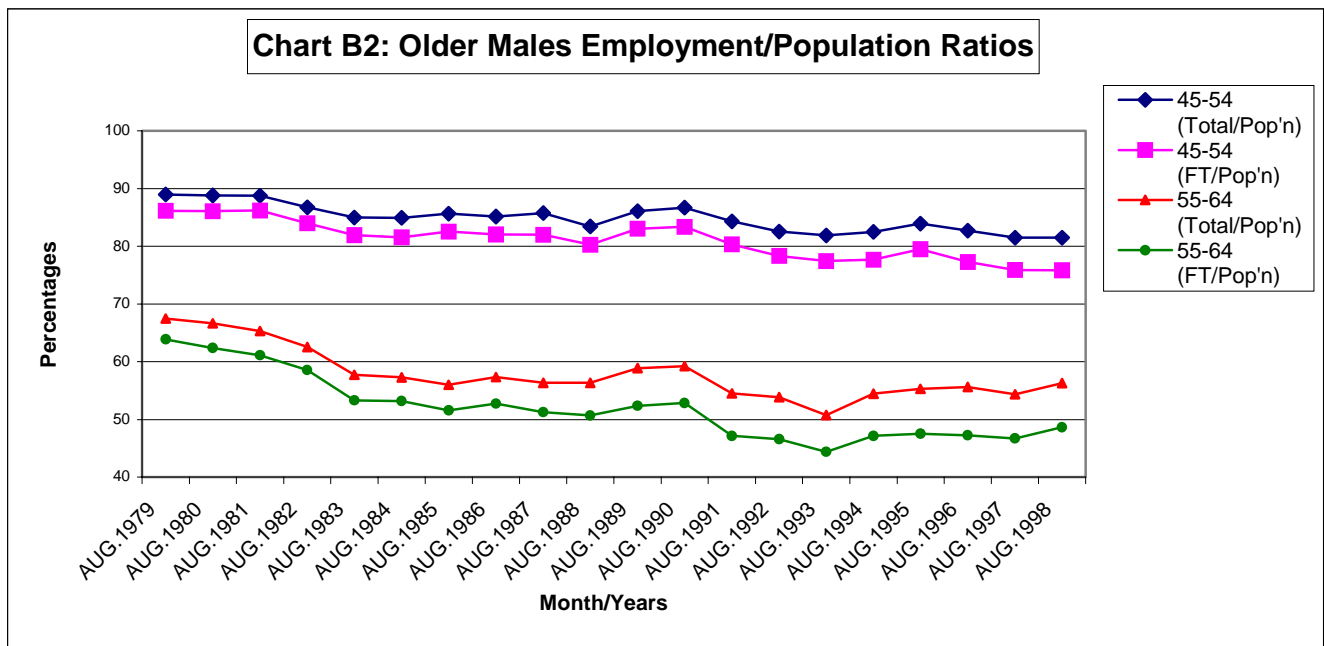
Projections of labour force participation

The Retirement Income Modelling Unit has produced projections of labour force participation by age and gender from 1995 to 2051 (see following Chart B9). Their estimates indicate that:

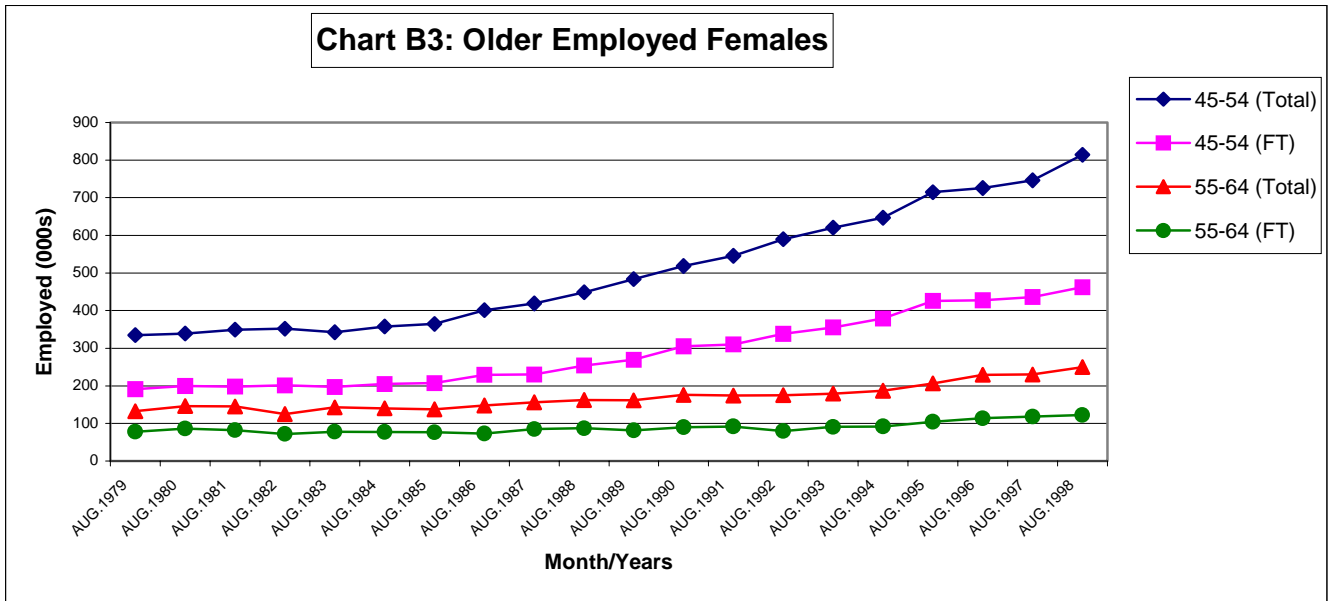
- female participation rates are projected to continue to increase strongly until 2026 and at a more modest rate thereafter. Females aged 45 to 54 years are estimated to attain the same participation rate as their male counter parts by the middle of next century; and
- male participation rates are projected to decline by at most a couple of percentage points over the entire period. The extent of this decline diminishes as age groups rise, being virtually nothing in the case of 60 to 64 year olds.



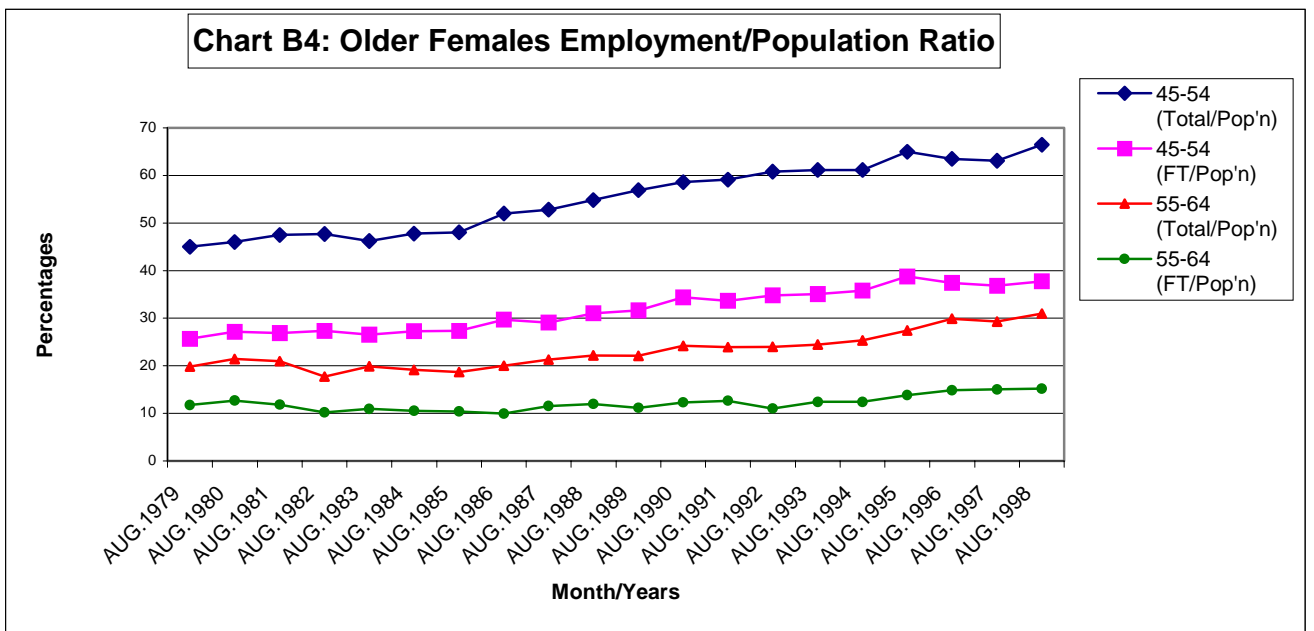
Source: Labour Force, Australia, ABS Cat. no. 6203.0, Ausstats



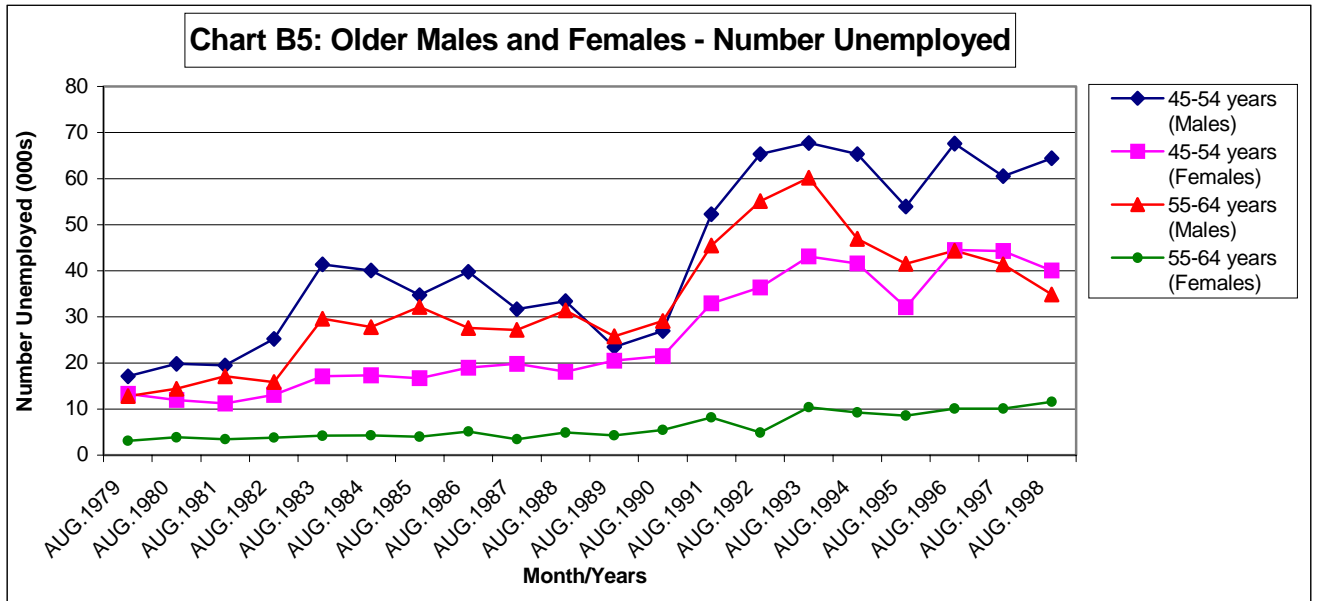
Source: Labour Force, Australia, ABS Cat. no. 6203.0, Ausstats



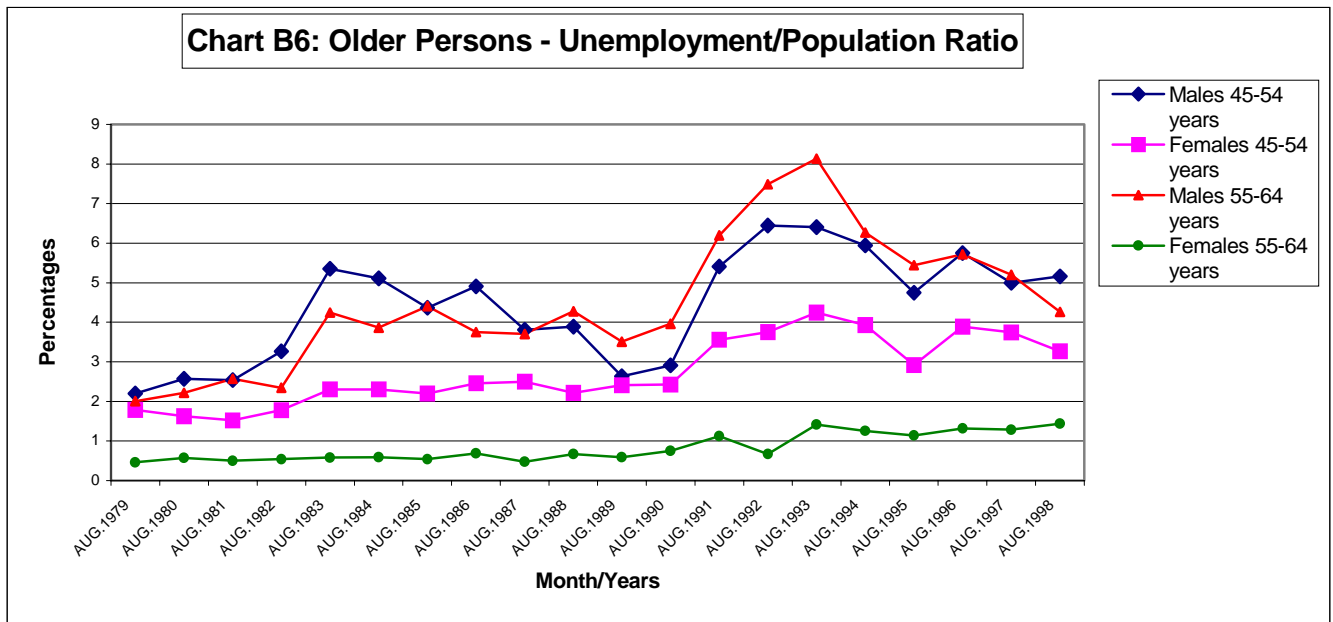
Source: Labour Force, Australia, Cat. no. 6203.0, Ausstats



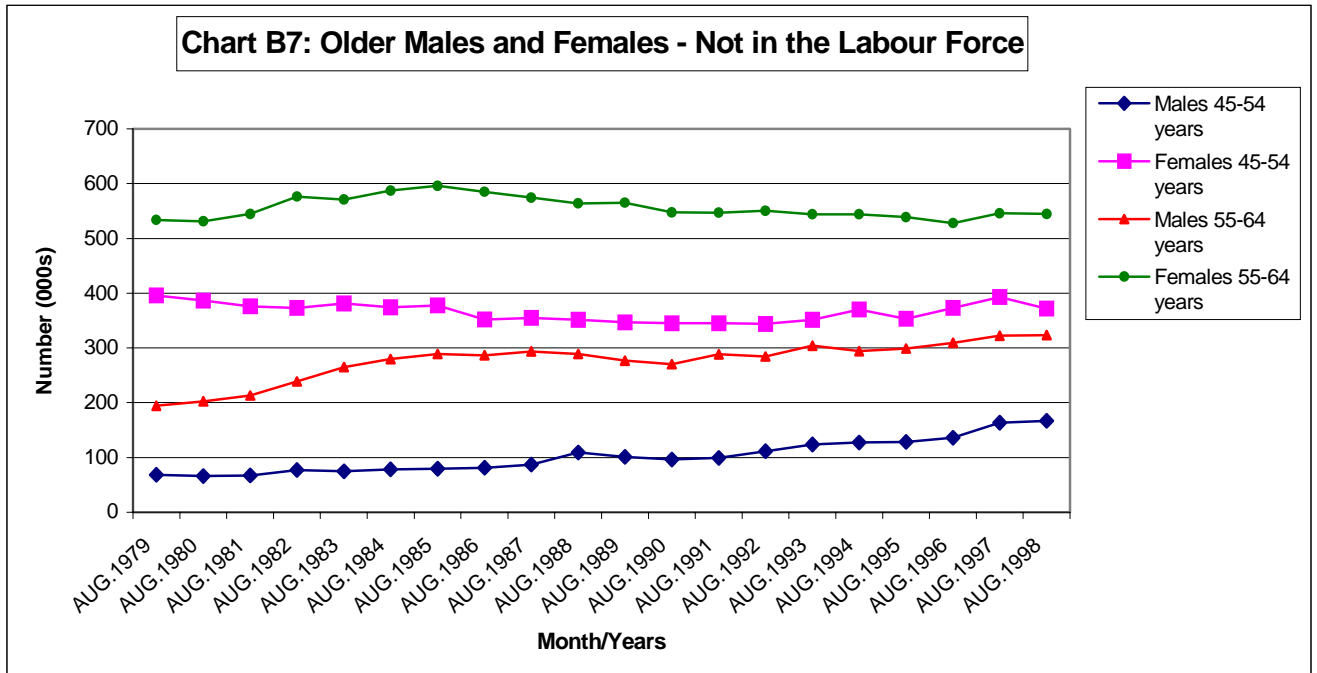
Source: Labour Force, Australia, Cat. no. 6203.0, Ausstats



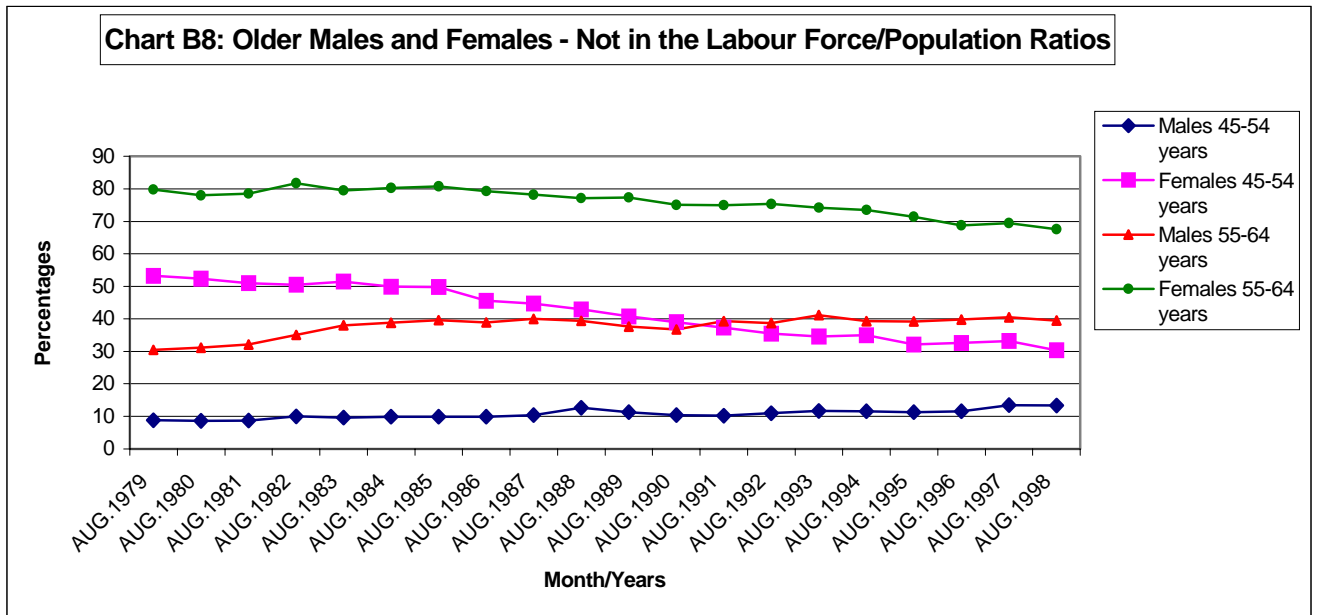
Source: Labour Force, Australia, ABS Cat. no. 6203.0, Ausstats



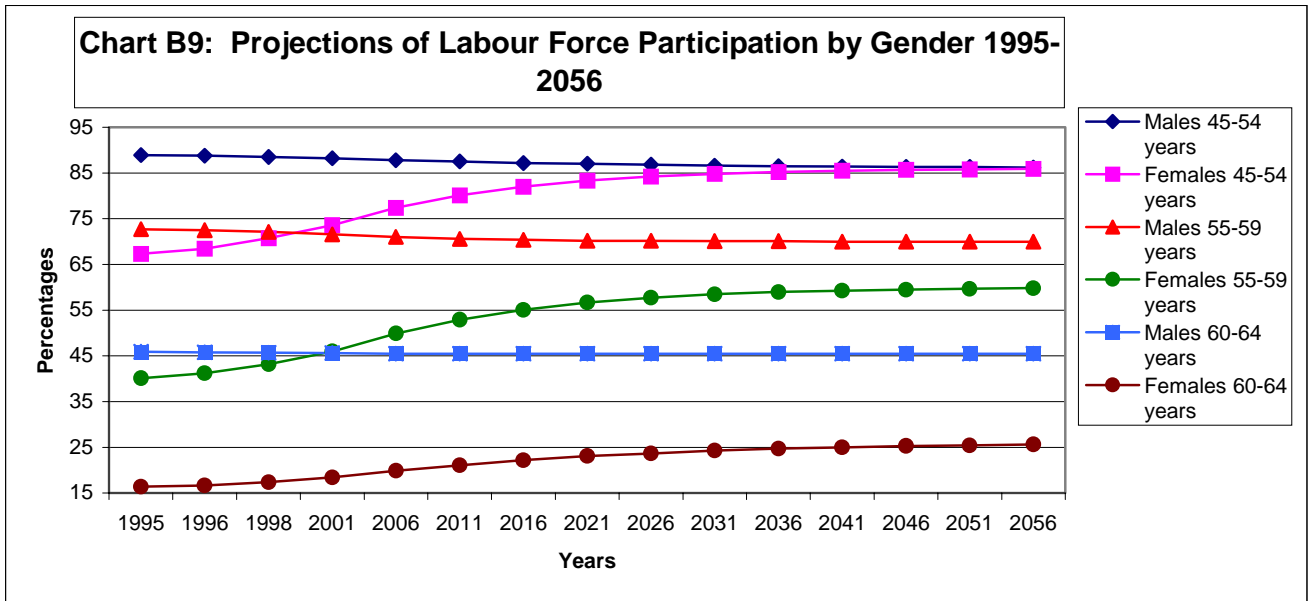
Source: Labour Force, Australia, ABS Cat. no. 6203.0, Ausstats



Source: Labour Force, Australia, ABS Cat. no. 6203.0, Ausstats



Source: Labour Force, Australia, ABS Cat. no. 6203.0, Ausstats



Source: RIMGROUP projections (Parry, 1998, p25)

ATTACHMENT C: THE JOB SEEKER CLASSIFICATION INSTRUMENT AND ACCESS TO JOB NETWORK SERVICES

The Job Seeker Classification Instrument is the most significant determinant of the type and level of employment assistance provided to older people. Job Seeker Classification Instrument scores govern access to Job Search Training and Intensive Assistance but the processes for completing the Job Seeker Classification Instrument are also designed to identify individuals who are not job ready and are not likely to benefit from Intensive Assistance. People identified as not likely to benefit from Intensive Assistance can only be assisted through the Community Support Program, The Department of Family and Community Services' specialist employment services for people with disabilities or other services they find themselves.

Job Seeker Classification Instrument scores are largely determined by automated systems using formula driven points allocation to produce a single score for each individual. Centrelink is responsible for administering the Job Seeker Classification Instrument. It collects and records information about job seekers which ultimately enables the Department of Employment, Workplace Relations and Small Business computer system to generate a Job Seeker Classification Instrument score.

The Job Seeker Classification Instrument score is calculated by collecting information on the particular characteristics of a job seeker. There are 18 different factors which include age, educational attainment, recency of work experience, family status, Aboriginal and Torres Strait Islander status, geographic location, disability/medical condition, and language and literacy. Each factor is assigned a pre-determined numerical weight, or number of 'points'. The points are indicative of the average contribution the factor makes to the difficulty of placing a job seeker into employment.

Older workers are generally more likely to attain a higher Job Seeker Classification Instrument score than younger workers. This is because older workers receive more Job Seeker Classification Instrument points because of their age but also because older people are likely to have higher levels of disability, lower levels of educational attainment and no or redundant vocational qualifications. These factors attract additional Job Seeker Classification Instrument points. Examples of the number of Job Seeker Classification Instrument points for some usual characteristics are as follows:

- All males aged 50 and over automatically get a total of 10 points from the 'age' factor. Women aged 50 and over automatically get 7 points;
- People who have only completed the equivalent of year 10 get 6 points and people with no vocational qualification get 2 points; and
- There can be an extremely complex set of procedures to determine the number of points for a particular disability. These usually involve a series of classification processes in addition to the Job Seeker Classification Instrument:
 - A person with an ongoing disability that has made it difficult to get a job or which affects their ability to work gets 2 Job Seeker Classification Instrument points;

- Additional points may be allocated through a ‘*secondary assessment*’. These assessments are usually automatically triggered (eg by the person applying for DSP or having more than one disability) but may also be triggered manually based on observations of the job seeker at the Job Seeker Classification Instrument interview. In cases where the disability has a relatively low impact, it is possible to simply assign two additional Job Seeker Classification Instrument points at the secondary assessment. In other cases, people are assessed using the Work Ability Tables (WAT). A WAT score of 28 to 32 results in two additional points (*giving a total of four*) and a WAT score of 32 or more results in 6 additional points (*giving a total of eight*); and
- People with a total of four or eight disability points are then automatically required to have either a Potential Special Needs Assessment (PSN) or a Special Needs Assessment (SNA). The purpose of these assessments is to decide whether the person would benefit from Intensive Assistance. They are discussed further below.

People whose total Job Seeker Classification Instrument score is under a specified level (26 points at July 1998) are considered to be job ready. They may receive Job Search Training to improve their job seeking skills if they have been registered as unemployed for a minimum of three months. They are not eligible for Intensive Assistance.

People whose total Job Seeker Classification Instrument score is above this level will fall into one of the three bandwidths which allow access to Intensive Assistance (26–33 points, 34–41 points and 42 or more points at July 1998). These bandwidths determine the job seeker’s level of employment disadvantage and the level of outcome payment which may be received by a Job Network Member who provides the person with Intensive Assistance and attains a positive outcome for them. People in the highest bandwidth are the most disadvantaged and attract the highest payment for being placed in jobs.

People in Intensive Assistance bandwidths are not considered to be job ready and so cannot receive Job Search Training. People who have scores in these bandwidths are by definition ‘at risk’ and so may enter Intensive Assistance even if they only have been unemployed for a short period.

People with high total Job Seeker Classification Instrument scores, as well as people who give specific responses to some Job Seeker Classification Instrument questions, may be required to have a Potential Special Needs Assessment which takes about 30 minutes or a Special Needs Assessment which takes up to 3 hours. The purpose of these assessments is to decide whether the person would benefit from Intensive Assistance. If the assessment results in a determination that they would not, the person cannot be referred for Intensive Assistance or Job Search Training. Neither job seekers nor Job Network Members can have this decision reviewed. It would then only be possible to assist the person through the Community Support Program, FaCS specialist employment services for people with disabilities or some other service they find for themselves.

ATTACHMENT D: INCOME SUPPORT ARRANGEMENTS

Australia's income support and welfare system provides a range of income support payments for people aged 45 years and over that are out of the workforce. The particular payment depends on individual circumstances such as age, marital status, gender, health and workforce experience. The payments available to unemployed people aged 45 or over but under *Age Pension* age are:

- Newstart Allowance (NSA);
- Mature Age Allowance (MAA);
- Partner Allowance (PA);
- Parenting Payment;
- Widow Allowance (WA);
- Disability Support Pension (DSP);
- Austudy Payment; or
- Carer Payment.

Newstart Allowance

NSA is payable to people aged 21 or more but under *Age Pension* age. To qualify for NSA, a person must, among other things, be unemployed and must either satisfy the activity test or be exempt. A person satisfies the activity test by undertaking job-search activity, by participating in another activity designed to improve their chances of finding work or by complying with the terms of an Activity Agreement.

The types of activities that may be undertaken as an alternative to job search include voluntary work, self-employment development, rehabilitation and training. All activities other than job search require Centrelink's approval.

Centrelink can also require a person to enter into a Newstart Activity Agreement, under which the customer may agree to undertake a specific activity or a combination of activities that are likely to improve their employment prospects. An activity agreement may include such activities as job search, vocational training, job search training, paid work experience, voluntary work, work for the dole and participation in a rehabilitation program.

Special arrangements exist for people living in remote localities. Remote customers are able to meet their activity test obligations by participating in any activity that they have nominated and of which Centrelink approves. Activities likely to be approved include participation in activities in a resource centre, adult education classes in the community, assisting with parks and gardens in the community and some cultural activities.

Customers 50 years of age or over can satisfy the activity test by undertaking 32 hours or more of voluntary work per fortnight or a combination of voluntary work and paid work of 40 hours or more per fortnight for an unlimited period each year, without an activity agreement.

Mature Age Allowance

Mature age allowance (MAA) was introduced in 1994 in response to the difficulties that older people were experiencing in finding employment in a tight labour market. MAA had a

"sunset clause" of 30 June 1996, but was to be reviewed prior to that date to decide if a continuing payment was warranted.

MAA was introduced as a pension payment, subject to the pensions means test and provided relief from the 'activity test' for people who had tested their employment prospects in the labour market and had been unable to gain employment. A review of MAA in the 1994-95 financial year resulted in the Government's decision to extend a modified MAA permanently from July 1996. People receiving MAA on 30 June 1996 were 'saved' and continue to be paid under pension conditions.

Currently, to qualify for MAA, a person must be at least 60 years of age and under age pension age, either have been in receipt of an unemployment payment for 9 months prior to claim or be transferring from a non-activity tested payment and have no recent workforce experience. From July 1996, people claiming MAA are paid under the allowance income and assets tests.

Mature Age Allowees are unable to access the range of Job Network services.

Partner Allowance

Partner Allowance (PA) was originally introduced in 1994 to ensure that married Job Search Allowance (JSA), Newstart Allowance (NSA), Sickness Allowance (SA) and Special Benefit (SpB) recipients did not have a tax liability because of the replacement of the dependent spouse rebate for people with children by the Home Child Care Allowance (HCCA).

A secondary objective of PA was to extend the principle underpinning the integration of family payments, which was to direct payments to the partners of allowees, usually women and the primary care-givers in families, in their own right.

Prior to this, one member of a couple, usually the male, received payment at the married rate, which included an amount in respect of the dependent partner. The effect of PA was to split the married rate of payment so that each partner received a payment in his or her own right. There was no activity test requirement and no regard was had to the person's workforce experience.

The 1994 White Paper on Employment and Growth limited eligibility for PA to those born on or before 1 July 1955, with no dependent children and little or no recent workforce experience. At the same time, Wife Pension was abolished except for those currently receiving it and qualification for PA was extended to partners of pensioners.

Currently, to qualify for PA, a person must be the partner of a pensioner or allowee, born on or before 1 July 1955, have no dependent children and have little or no recent workforce experience. Recipients of PA are able to access Job Network services.

Parenting Payment

Parenting Payment (PP) provides income support and opportunities for financial independence to the primary carers of children.

In general terms, to qualify for Parenting Payment a claimant must have the care of a dependent child/ren aged under 16.

PP (single) (Parenting Payment for sole parents) is paid under the pension income and assets tests whereas PP (partnered) (Parenting Payment for partnered parents) is paid under allowance income and assets tests (with some modifications).

Widow Allowance

Widow Allowance (WA) was introduced from 1 January 1995 to provide an income support option for older women who have lost the support of a partner later in life and who have no recent workforce experience. When first introduced, WA was available only to women aged 50 years and over who became widowed, divorced or separated after turning 50 years. Since March 1997, qualification has extended to include women aged 50 years and over who became widowed, divorced or separated since turning 40.

Widow Allowance recognises the particular labour market difficulties faced by older women who have spent long periods out of the workforce caring for a family and who lose the support of their partner. It recognises that these women made career and life choices under more traditional expectations of their labour market participation and are now particularly disadvantaged in the labour market.

Women in receipt of WA have access to the Jobs, Education and Training (JET) program as well as a range of Job network services.

Disability Support Pension

In 1991, a package of reforms was introduced to target disability-related payments more effectively and enable greater participation of people with disabilities in the labour market. As part of this active strategy, Invalid Pension was re-titled Disability Support Pension (DSP). Payment of DSP is not inconsistent with rehabilitation or supported employment and hence Sheltered Employment Allowance, Incentive Allowance⁸ and Rehabilitation Allowance were abolished.

The basic qualification for DSP is that the person be aged between 16 years and Age Pension age, have a physical, intellectual or psychiatric impairment and have a continuing inability to work at least 30 hours per week in open employment at award wages or to be trained for such work within 2 years. Special rules apply for the blind.

DSP recipients are able to access the current range of Job Network services and specialist disability employment services administered by the Department.

Austudy Payment

A person can qualify for Austudy Payment if they are aged 25 or over and satisfy the activity test. The only way that an Austudy recipient can satisfy the activity test is by undertaking qualifying study. The person must be undertaking full-time study at an approved institution and must satisfy progress rules.

Carer Payment

Carer Payment is a pension payment for those who are providing constant care for a person who has a physical, intellectual or psychiatric disability. The care must be provided in the home of the person being cared for and must be required for an indefinite period or a minimum of 6 months. As a result of the high level of care required under these criteria, most Carer Payment recipients are precluded from substantial workforce participation. In

⁸ A small group of people working in Sheltered Employment in receipt of Incentive Allowance were 'grandfathered' and continue to receive this payment.

most cases, the person receiving care receives a social security or DVA pension or a social security allowance.

ATTACHMENT E: RECEIPT OF MAIN BASIC INCOME SUPPORT PAYMENTS BY PEOPLE AGED 50 YEARS AND OVER: 1978 – 1997*

Table 1: MAIN BASIC INCOME SUPPORT PAYMENTS RECEIVED BY MALES AGED 50 YEARS AND OVER – 1978 TO 1997

Year	AUSTUDY ABSTUDY (DEETYA)	Carers Pension	DSP/ Invalid Pension	Drought Relief	MAA	U/E Benefit	PgA (pre 1985 #)	PA (pre 1985 #)	Service Pensions (DVA)	SA / Benefits	Sole Par./ Supp. Par./ Widow A Pension	SpBs	Total DSS DVA & DEETYA Customers	Pop'n 50 - 64 yrs (ABS)	% of 50-64 yr olds on Paym't	% of 50-64 NILF & UE (ABS)
1978	183		85,400			27,700	708	49,400	8,702	310	1,716	174,119	1,025,266	17.0%	23.2%	
1979	212		93,400			26,200	721	56,900	7,888	510	1,820	187,651	1,035,032	18.1%	24.4%	
1980	240		98,200			24,150	779	69,900	9,637	700	2,473	206,079	1,044,656	19.7%	25.3%	
1981	237		95,200			26,700	834	72,500	11,601	800	2,780	210,652	1,057,533	19.9%	27.1%	
1982	236		93,258			34,790	1,466	78,200	14,867	837	3,202	226,856	1,070,855	21.2%	28.6%	
1983	258		96,979			54,038	1,259	87,000	17,384	1,084	3,615	261,617	1,084,294	24.1%	33.7%	
1984	265	1,216	108,535			53,893	1,061	93,200	15,836	1,265	2,894	278,165	1,097,913	25.3%	32.2%	
1985	283	1,874	118,580			52,636	1,221	88,600	14,615	1,300	2,738	281,847	1,104,774	25.5%	35.0%	
1986	297	2,527	126,777			52,232	1,398	77,300	14,106	1,303	2,441	278,381	1,113,432	25.0%	32.3%	
1987	292	2,969	133,339			52,999	1,599	43,494	16,010	1,247	2,847	254,796	1,120,408	22.7%	34.1%	
1988	323	3,308	139,588			52,737	1,296	47,617	16,909	952	3,614	266,344	1,130,325	23.6%	33.7%	
1989	349	3,407	145,664			48,441	1,319	30,591	18,077	946	3,675	252,469	1,141,815	22.1%	32.4%	
1990	295	3,596	149,273			48,099	1,417	17,962	17,973	987	3,621	243,223	1,155,006	21.1%	32.1%	
1991	318	3,872	155,385			66,370	2,020	9,174	14,780	1,107	3,531	256,557	1,167,843	22.0%	34.1%	
1992	507	4,506	166,906			86,165	3,427	8,186	7,307	1,295	2,951	281,250	1,183,002	23.8%	35.4%	
1993	654	5,193	176,284			103,564	4,580	8,198	7,283	1,398	1,774	308,928	1,197,486	25.8%	37.0%	
1994	883	5,843	185,540		27,528	91,239	5,115	8,346	6,910	1,567	973	333,944	1,223,928	27.3%	35.6%	
1995	1,196	6,360	191,839	3,178	38,675	84,242	3,764	8,325	6,851	1,688	716	346,834	1,256,483	27.6%	34.2%	
1996	1,437	7,119	198,095	2,598	45,694	82,098	2,788	3,940	8,312	5,119	1,901	359,634	1,291,206	27.9%	34.4%	
1997	1,807	7,758	204,608	2,607	52,759	80,957	3,214	4,141	9,066	2,133	2,063	371,431	1,350,409	27.5%	34.4%	

* See Page 45 for full payment titles, sources and notes for the following three tables.

Table 2: MAIN BASIC INCOME SUPPORT PAYMENTS RECEIVED BY FEMALES AGED 50 YEARS AND OVER – 1978 TO 1997

Year	Age Pension	AUSTUDY ABSTUDY (DEETYA)	Carers Pension	DSF Invalid Pension	Drought Relief	MAA	MAPA	UE Benefit	PgA (pre 1985#)	PA(pre 1985#)	Service Pensions (DVA)	SA Benefits	Sole Par/ Supp Par/ WidwA Pension	SpBs	Wtr Widwvs (DVA)	VEPs	VA	Wife Pension	Total DSS DVA & DEETYA Customers	Popn 50-64 yrs (ABS)	% of 50-64 yr old on Paymt	% of 50-64 NILF & UE (ABS)
1978	164,900	362		30,200				2,560	24,742	642	1,002	13,200	1,135	21,336	65,000			55,200	380,279	1,041,052	36.5%	71.4%
1979	159,600	425		30,900				2,584	23,294	683	979	13,000	1,303	19,926	69,200			60,800	382,694	1,048,952	36.5%	72.2%
1980	156,200	482		30,600				2,326	23,381	767	1,279	12,900	2,277	18,575	72,200			63,200	384,197	1,057,435	36.3%	71.6%
1981	157,600	506		28,600				2,500	26,489	798	1,606	12,800	1,865	17,443	74,700			59,800	384,677	1,070,812	35.9%	71.9%
1982	156,882	486		27,019				2,989	34,376	782	1,829	12,552	1,725	16,472	75,955			56,915	387,972	1,077,666	36.0%	72.6%
1983	161,921	551		26,067				3,772	49,345	783	1,963	12,694	1,842	16,743	76,944			57,248	409,873	1,084,997	37.8%	73.3%
1984	168,546	574		26,466				3,889	46,732	839	1,961	12,503	1,778	16,561	78,147			58,405	416,400	1,092,967	38.1%	71.8%
1985	167,250	628		26,936				4,287	44,997	797	1,002	12,058	1,776	16,961	77,654			60,985	415,281	1,085,838	37.9%	73.5%
1986	163,841	670	345	27,551				5,029	44,294	618	2,032	11,566	1,529	17,441	77,230			63,691	415,837	1,088,388	37.9%	71.7%
1987	161,463	646	563	28,306				5,372	46,389	304	2,273	10,942	1,637	16,836	78,034			66,642	417,134	1,103,589	37.8%	70.4%
1988	163,525	705	781	28,907				5,559	47,401	347	2,672	6,263	1,945	15,628	80,152			68,300	422,185	1,110,976	38.0%	69.1%
1989	166,007	796	993	29,993				5,772	45,846	187	3,380	5,671	2,203	14,366	78,344			70,375	423,943	1,120,770	37.8%	66.9%
1990	167,252	568	1,179	31,304				6,382	45,146	86	3,825	5,412	2,486	13,115	75,101			72,049	423,905	1,130,670	37.5%	65.4%
1991	175,289	614	1,430	33,972				9,005	55,960	30	3,643	5,357	2,736	10,967	72,241			75,049	446,273	1,141,909	39.1%	64.6%
1992	192,664	875	1,802	38,937				13,380	36,725	27	1,968	5,521	2,842	9,741	68,962			82,380	455,824	1,155,865	39.4%	65.4%
1993	202,606	1,152	2,329	44,097				18,507	43,865	26	2,368	5,641	2,647	8,309	64,492			89,068	485,107	1,169,331	41.5%	64.1%
1994	210,482	1,513	3,001	50,365		0	10,230	22,654	39,715	24	2,710	6,041	2,273	6,846	44,436			96,341	496,651	1,195,645	41.5%	62.2%
1995	211,685	1,909	3,714	57,035	632	351	15,092	20,448	49,011	22	2,488	6,347	1,613	5,870	38,085	8,818		101,908	525,038	1,228,287	42.7%	59.9%
1996	193,988	2,197	5,374	68,864	487	264	10,544	26,470	845	44,025	18	2,279	7,016	1,559	5,212	35,466	11,748	98,187	514,543	1,261,608	40.8%	59.7%
1997	208,299	2,665	7,207	79,252	549	641	7,293	28,641	1,042	50,306	40	815	7,764	1,188	4,880	17,360	17,468	86,183	521,623	1,319,141	39.5%	57.7%

Table 3: MAIN BASIC INCOME SUPPORT PAYMENTS RECEIVED BY PERSONS AGED 50 YEARS AND OVER – 1978 TO 1997

Year	Age Pension	ALSTUDY ABSTUDY (DEETYA)	Carers Pension	DSF/ Invalid Pension	Drought Relief	MAA	MAPA	UE Benefit	PgA (pre 1985#)	PA(pre 1985#)	Service Pensions (DVA)	SA/ Benefits	Sole Par/ Supp Par/ Widow/A Pension	SpBs	War Widows (DVA)	WBPs	WA	Wife Pension	Total DSS DVA & DEETYA Customers	Pop'n 50-64 yrs (ABS)	% of 50-64 yr olds on Paymt	% of 50-64 NILF & UE (ABS)
1978	164,900	545		115,600				30,260	25,022	50,042	9,704		13,510	2,851	21,336	65,000		55,200	553,970	2,066,318	26.8%	47.5%
1979	159,600	637		124,300				28,784	23,712	57,583	8,867		13,510	3,123	19,926	69,200		60,800	570,042	2,083,984	27.4%	48.5%
1980	156,200	732		128,800				26,476	23,891	64,667	10,916		13,600	4,750	18,575	72,200		63,200	594,007	2,102,091	27.8%	48.6%
1981	157,600	742		123,800				29,200	26,838	73,298	13,207		13,600	4,635	17,443	74,700		59,800	594,863	2,128,345	27.9%	49.6%
1982	156,882	732		120,277				37,759	35,621	78,982	16,686		13,389	4,927	16,472	75,955		56,915	614,607	2,148,521	28.6%	50.7%
1983	161,921	808		123,046				57,810	50,114	87,783	19,347		13,778	5,457	16,743	76,944		57,248	670,999	2,169,291	30.9%	53.5%
1984	168,545	838	1,216	135,001				57,782	47,418	94,039	17,797		13,768	4,672	16,561	78,147		58,405	694,189	2,190,880	31.7%	51.9%
1985	167,250	911	1,874	145,516				56,923	45,837	89,397	15,617		13,358	4,514	16,961	77,654		60,935	696,747	2,200,612	31.7%	54.2%
1986	163,841	967	2,872	154,328				57,261	45,311	77,918	16,138		12,869	3,970	17,441	77,230		63,691	698,837	2,211,820	31.4%	51.9%
1987	161,463	937	3,532	161,645				58,371	47,583	43,798	18,283		12,189	4,484	16,836	78,034		66,642	673,797	2,223,997	30.3%	52.1%
1988	163,525	1,028	4,089	168,495				58,296	48,210	47,964	19,581		7,215	5,559	15,628	80,152		68,300	688,042	2,241,301	30.7%	51.2%
1989	166,007	1,145	4,400	175,657				54,213	46,737	30,778	21,467	6,617	5,878	14,366	78,344		70,375	675,984	2,262,585	29.9%	49.5%	
1990	167,252	863	4,775	180,577				54,481	46,262	18,048	21,798	6,399	6,107	13,115	75,101		72,049	666,827	2,285,676	29.2%	48.6%	
1991	175,289	932	5,302	189,357				75,375	57,707	9,204	18,423	18,424	6,267	10,967	72,241		75,049	714,517	2,309,752	30.9%	49.2%	
1992	192,664	1,382	6,308	205,843				99,545	40,152	8,213	9,275	6,816	5,793	9,741	68,962		82,360	737,074	2,338,897	31.5%	50.2%	
1993	202,606	1,806	7,522	220,381				122,071	48,445	8,224	9,651	7,039	4,421	8,309	64,492		89,068	794,035	2,366,817	33.5%	50.4%	
1994	210,482	2,396	8,844	235,925		27,528	10,230	113,888	44,830	8,370	9,620	7,608	3,246	6,846	44,436		96,341	830,595	2,419,573	34.3%	48.8%	
1995	211,685	3,014	10,074	248,874	3,810	39,026	15,092	104,690	52,775	8,347	9,349	8,035	2,329	5,870	38,085	8,818	101,908	871,781	2,484,770	35.1%	46.9%	
1996	193,988	3,634	12,493	266,959	3,085	45,958	10,544	108,568	3,633	47,955	8,330	7,398	8,917	2,092	5,212	35,466	11,748	98,187	874,177	2,552,814	34.2%	46.9%
1997	208,299	4,502	14,965	283,860	3,156	53,400	7,293	109,598	4,256	54,447	9,106	2,948	9,827	1,506	4,880	17,360	17,468	86,183	898,054	2,669,550	33.5%	45.9%

Information on the previous 3 tables:

Legend for Abbreviations:

DEETYA is the Department of Employment, Education, and Youth Affairs. It is now known as the Department of Education, Training and Youth Affairs (DETYA).

DSP refers to Disability Support Pension.

MAA refers to Mature Age Allowance.

MAPA refers to Mature Age Partner Allowance.

U/E benefits refers to unemployment benefits.

PgA refers to Parenting Allowance.

PA refers to Partner Allowance.

DVA is the Department of Veterans' Affairs.

SA refers to Sickness Allowance.

Sole Par. refers to Sole Parent, while Supp. Par. refers to Supporting Parent.

SpBs refers to Special Benefits.

WBP refers to Widow B Pension.

WA refers to Widow Allowance.

DSS is the Department of Social Security. As of 21 October 1998, it became part of the Department of Family and Community Services (FaCS).

ABS is the Australian Bureau of Statistics.

NILF is an abbreviation for not in the labour force.

Sources:

ABS AUSSTATS database 1978-1997, resident population estimates (table 1)

DSS Customers: A Statistical Overview, DSS Annual Reports and DSS Microfiche records

DVA Benefits Statistical Summary 1988-1997

DEETYA Management Information Systems and DEETYA Annual Reports 1989-1997

Social Security Review: Issues Paper No. 2 (1986) p 58-60

Social Security Review: Issues Paper No. 4 (1988) p 72

Notes:

cells in italics and bold indicate estimates

_____ Indicates introduction of a new payment or significant changes to payments

1995 figures for 'Partner Allowance' not available

Married rate – refers to the partners of Unemployment, Sickness and Special Beneficiaries

Rounding used

Table 1 excludes DVA Disability Payment. Table 2 excludes DVA Wives/Widow Payments. Table 3 excludes DVA Disability and Wives/Widow Payments.

ATTACHMENT F: CUSTOMER PARTICIPATION RESEARCH

This attachment provides an analysis of data collected in mid-1998 from around 1,000 income support recipients aged 45 and over. The survey examined patterns of participation in a variety of activities that were broadly classed as economic (paid work, self-employment, job search, study), or social/community (providing care for children or adults with a disability, voluntary work).

The data indicate substantial rates of participation in both categories of activity and that many customers did not confine their activities to one sphere or the other. Around 36 per cent of customers in this broad age group engaged in one or more economic activities and 56 per cent in one or more social/community activities, with about 20 per cent doing both.

Table 1: Rates of participation in various activities by payment type, income support recipients aged 45 to age pension age, July 1998

PAYMENT TYPE	PARTICIPATION RATE (per cent)						
	Economic activities				Social/community activities		
	Paid work	Self-empl.	Job search	Study	Vol. Work	Child care	Adult care
Newstart Allowance	21	10	80	4	21	23	13
Parenting Payment	34	26	11	10	9	96	24
Carer Payment	10	2	3	4	17	14	97
Disability Support Pension	7	2	4	1	23	23	15
Wife Pension	18	3	2	2	24	32	41
Partner Allowance	13	3	8	3	20	31	33
Widow Allowance	20	2	13	4	18	28	14
Mature Age Allowance	9	2	22	1	20	26	9
Total	14	6	23	3	22	30	21

Table 1 summarises rates of participation in each activity by payment type. These data point to considerable heterogeneity of populations within payment types and some similarities across payment types. For example:

- participation in paid work ranged from around seven per cent on Disability Support Pension (DSP) to one in five on Newstart Allowance (NSA) to around thirty three per cent on Parenting Payment (PP);
- self-employment was quite common among NSA and PP recipients but not on other payments;
- levels of job search on Mature Age Allowance (MAA), Widow Allowance (WA) and PP were high, considering these payments are not activity tested;
- around one in five recipients of most payments participated in volunteer work; and
- significant proportions on all payments provided care for children and/or adults with a disability.

Table 2: Rates of participation in various activities by gender and age, income support recipients aged 45 to age pension age, July 1998

	PARTICIPATION RATE (per cent)						
	Paid work	Self-empl.	Job search	Study	Vol. Work	Child care	Adult care
Total	14	6	23	3	22	30	21
Gender							
Male	9	7	30	2	21	25	14
Female	20	4	15	4	23	35	28
Age (years)							
45 to 49	26	9	41	5	18	41	21
50 to 54	17	10	28	2	21	31	24
55 to 59	10	2	15	2	24	25	23
60 and over	5	3	11	1	24	24	12

Table 2 provides an overview of participation by gender and five-year age groups. On the gender variable it shows that:

- while women were twice as likely to be in paid employment than men, men were more likely to be in self-employment and/or looking for work; and
- women were significantly more likely than men to provide care for children or adults with a disability, but there was little gender difference in the incidence of voluntary work.

These data also show how patterns of participation vary with age.

- Participation in most economic activities declines steadily with age, except for self-employment where there is a marked drop in participation only among those aged 55 and over.
- The figures suggest some substitution of social/community participation as people get older, but this is not particularly marked and participation in some activities (eg providing care for children) actually declines with age.