

UNEMPLOYMENT, INCOME SUPPORT AND JOB SEARCH ACTIVITY AMONG BABY BOOMERS IN AUSTRALIA¹

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ABSTRACT

In Australia, cessation of paid employment is commonly expected to occur when one of two milestones is reached – reaching the superannuation preservation age (currently 55, soon to gradually increase to 60), or reaching the age pension entitlement age (currently 65 for men and 64.5 for women). However, for many older Australians – currently the ‘Baby Boomer’ generation aged 45-64 - these plans are thwarted by circumstances beyond their control – unemployment, disability or need to care for others. While official unemployment statistics are low for Baby Boomers, they suffer more from long-term unemployment and hidden unemployment than younger generations. Using data from a combination of administrative and survey sources, this paper examines unemployment and non-participation in the labour force among Baby Boomers, their characteristics compared with employed Baby Boomers, their dependence on income support and job search experiences and difficulties and the policy implications of inadequate participation.

Keywords: unemployment, job search, Baby Boomers, government assistance, income support

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This paper uses unit record data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey. The HILDA Project was initiated and is funded by the Australian Government Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) and is managed by the Melbourne Institute of Applied Economic and Social Research (Melbourne Institute). The findings and views reported in this paper, however, are those of the author and should not be attributed to either ‘FaHCSIA or the Melbourne Institute.’

I. INTRODUCTION

Unemployment and involuntary nonparticipation of Baby Boomers is of particular concern. The Treasury's Intergenerational Reports (2002, 2007, 2010) found that as the Baby Boomers enter retirement, it will become increasingly difficult to balance the Federal budget as they cease paid employment, receive the age pension and require more health and aged care. Removing the barriers that prevent Baby Boomers from working allows them to maintain connections with the labour force, enjoy a better standard of living, save for their retirement and reduce dependence on government income support.

Baby Boomers without jobs can be broadly divided into those who are unemployed and those not in the labour force. In line with the Australian Bureau of Statistics (ABS) definition, the unemployed are those who are not currently employed, are looking for work and are able to start work in the next four weeks. People considered not in the labour force include those who do not want to work; those who do want to work but personal circumstances meant they could not (eg caring responsibilities or disability), or those who want to work but have not looked for a job. Many people classified as not in the labour force (NILF) would take on employment if it were available. Gong and McNamara (2011) found that while almost 80 per cent of people aged 45-64 who were not working were doing so voluntarily, 44 per cent of males and 25 per cent of females aged 45-54 were involuntarily not working.

One of the most common reasons for Baby Boomers not participating in the labour force - particularly for males (Lattimore 2007) - is disability and illness (National Seniors Productive Ageing Centre 2011). As people age, they are more susceptible to conditions that inhibit their ability to work, or work in particular kinds of jobs. First, musculoskeletal disabilities – one of the most common disabilities, will typically inhibit manual labour. Second, a person may not be able to work full-time if they have a disability or health condition, and they may find it difficult to gain employment that can accommodate their disability. Third, employers may find that some forms of insurance for workers, eg workers' compensation insurance, are restricted for older workers (AHRC 2012).

People who are unable to work more than 15 hours per week (previously 30) due to disability are entitled to the Disability Support Pension (DSP). This is a higher payment than Newstart Allowance (the main unemployment benefit) as recipients are likely to be on the payment for years rather than months. However, several researchers have argued that the more generous nature of DSP compared with unemployment benefits and the lack of a requirement to look for work have resulted in many older Australians moving to the DSP from unemployment benefits (Cai and Gregory 2004, Saunders 2004). This can create a disincentive for disabled people to try to re-enter the labour force – if they gain a job, they may lose their DSP; and if they cannot maintain the job they may be forced to go on the less-generous Newstart (Lattimore 2007). Morris (2006), in a qualitative study, found that compared with younger (aged under 50) recipients of DSP, older recipients were much more likely to not want to work again: "...the fact that they had worked for many years, made stopping work much easier. There was a sense that they had done their time".

Although Baby Boomers have lower unemployment rates than the population as a whole, even the non-disabled can face barriers to finding and keeping employment that are not common among younger age groups. Age discrimination can make it harder for older workers to avoid the sack or find a job; some employers believe that older workers are less productive, more prone to illness, or likely to retire soon (Kossen 2005). The employment of older males is more sensitive to cyclical downturns than employment males aged 25-54 (Mitchell 2008), which means older males are more likely to lose their jobs in a recession. Older unemployed tend to be unemployed for longer than younger unemployed, increasing the likelihood of becoming 'discouraged workers'; that is, people who want a job but feel their chances of getting one are so low that the effort is not worthwhile (Elliot and Dockery 2006).

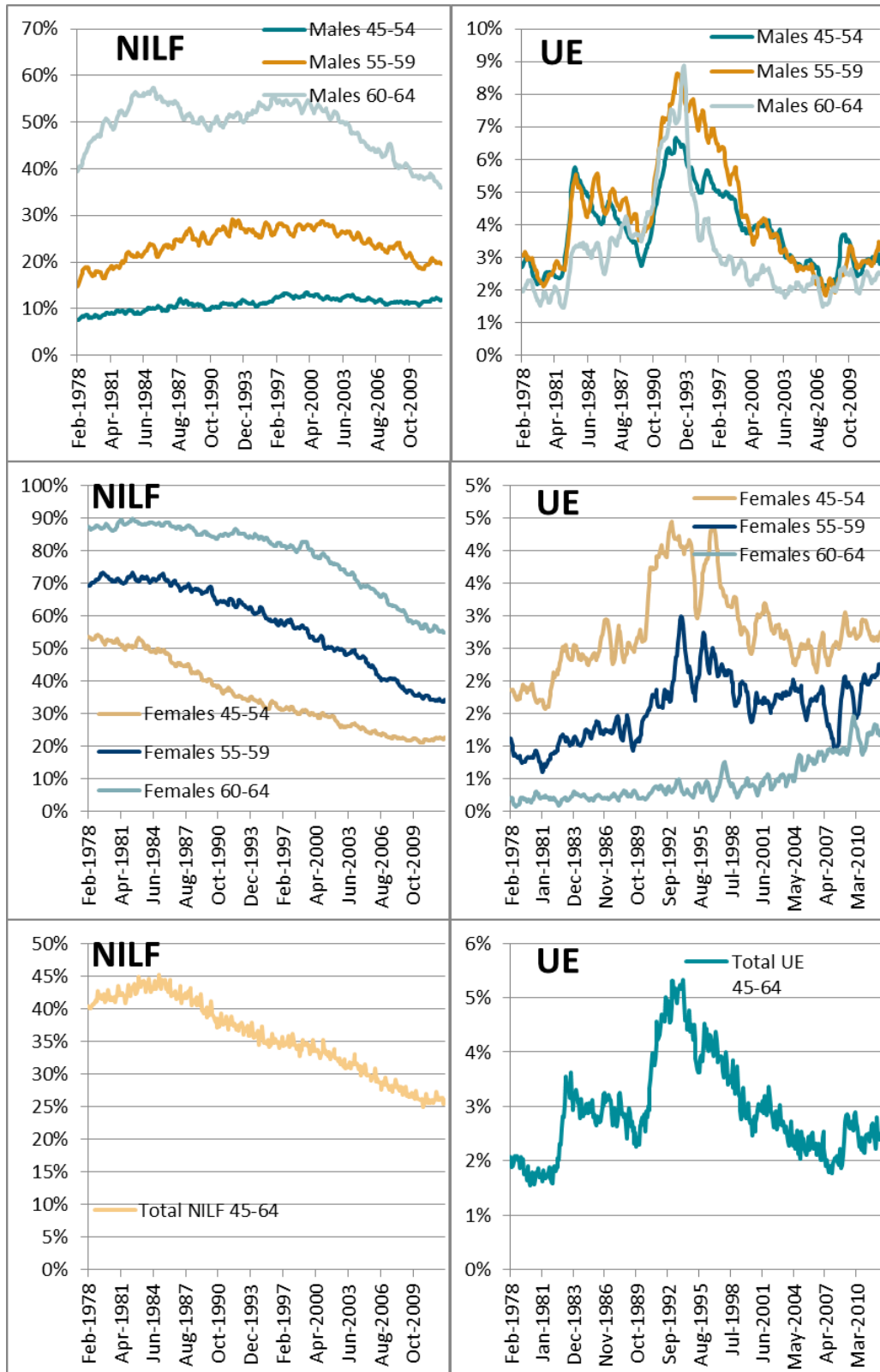
In this paper we examine patterns of unemployment and non-participation in the labour force among Baby Boomers, their characteristics compared with employed Baby Boomers, their dependence on income support and job search experiences and difficulties. The depreciation and underutilisation of human capital is of particular policy interest, especially given the fiscal, social and economic implications of Australia's ageing population.

We begin by laying out previous labour market histories and the current landscape that older Australians find themselves in, highlighting increased participation patterns, but also the hidden unemployment and undesirable labour outcomes for Baby Boomers. In Sections II and III, we explore access to, take-up rates and reliance on government income support for older Australians, paying particular attention to trends in income support payments. Section IV explores job search experiences of older Australians and potential barriers to employment that may currently exist for this cohort. A discussion of our findings concludes the paper.

II. LABOUR FORCE HISTORIES AND CURRENT PATTERNS OF OLDER AUSTRALIANS

Labour force patterns for older Australians have changed considerably over the last three decades, particularly for women. Non-participation of females has declined substantially since the late 1970s among all age groups, with female participation only slightly lower than male participation (Figure 1). Among males, labour force participation declined from 1978 onwards, most noticeably among the oldest age group (60-64). In the 2000s, labour force participation has gradually increased again among over 55s, but has continued to decline slightly among men aged 45-54. Over this most recent period, labour force participation among older persons in Australia has gone from well below the OECD average to above the OECD average (National Seniors Productive Ageing Centre 2011).

Figure 1 Labour force histories of older Australians, 1978-2012



Source: (ABS 2012)

The most recent data from the Labour Force Survey for Baby Boomers is shown in Table 1. Although over 80 per cent of 45-54 year olds are in the labour force, with low rates of unemployment, just over half of 60-64 year olds remain in the labour force.

Table 1 Labour force status of 45-64 year olds, 2012

| | Male | | | Female | | | Total | | |
|-----------------------------|-------|-------|-------|--------|-------|-------|-------|-------|-------|
| | 45-54 | 55-59 | 60-64 | 45-54 | 55-59 | 60-64 | 45-54 | 55-59 | 60-64 |
| Employed (%) | 84.7 | 76.7 | 59.7 | 73.7 | 61.5 | 42.7 | 79 | 73.9 | 54.5 |
| Unemployed (%) | 3.2 | 3.7 | 2.5 | 4.0 | 3.4 | 1.1 | 3.6 | 3.6 | 1.8 |
| Not in the labour force (%) | 12.1 | 19.6 | 36.6 | 22.3 | 35.1 | 55.1 | 17.4 | 22.5 | 45.5 |

Source: Labour Force Survey 2012, ABS Cat No. 6202.0

Unemployment among this age group is comparatively low, at 2.5 per cent, much lower than unemployment among 15-24 year olds (12.0 per cent) or the total working age population (5.2 per cent). The percentage of this age group employed is higher, with 76.2 per cent of the population employed compared to 69 per cent for the working age population.

However, while unemployment rates are low for older age groups, underemployment rates – the percentage of the workforce who are employed part-time but wish to work more hours – are higher. The problem is worse for females than males: 8.7 per cent of women aged 45-54 and 6.8 per cent of women aged 55 and over are underemployed, compared with 3.8 per cent and 4.8 per cent for males.

Further, Baby Boomers are also at risk of becoming discouraged job seekers. Discouraged job seekers cover a group of people who are only marginally attached to the labour force. They want to work and are available to work within the next four weeks if offered a job, but they do not look for work because they believe that they would not be able to find a job for various reasons (ABS 2010).

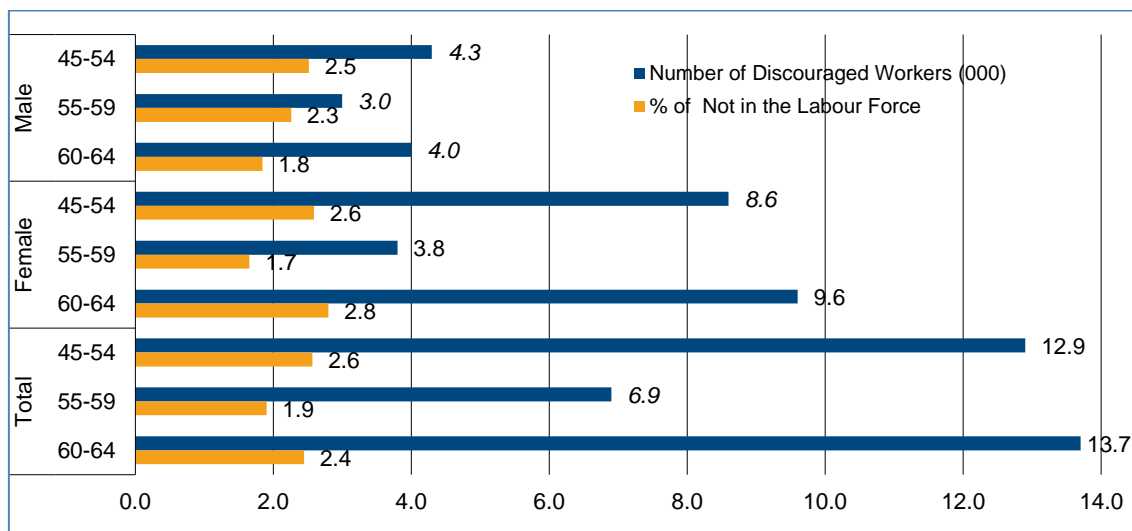
Figure 2 from the latest ABS data shows that there are higher numbers of women than men classified as discouraged job seekers. For example, the number of women aged 45-54 in this group is double the number of men in the same age group. Moreover, this proportion of discouraged job seekers among

Baby Boomers is also higher than the younger age group 15-24 which is calculated at only 1.3 per cent.

Across age groups, the proportion of discouraged job seekers is the highest in the 45-54 age group, with around 2.5-2.6 per cent of people not in the labour force falling into this category, although for women, the proportion is higher in the older group of 60-64 years.

Being too old is the main reason why potential workers state that they are discouraged from seeking work. For example, for those aged 55-59, around 46.5 per cent of the discouraged job seekers felt that age was the main reason they could not find work, while a further 31 per cent mentioned that there were no jobs in their locality or line of work.

Figure 2 Discouraged Workers 45-64 years old, Labour Force Survey

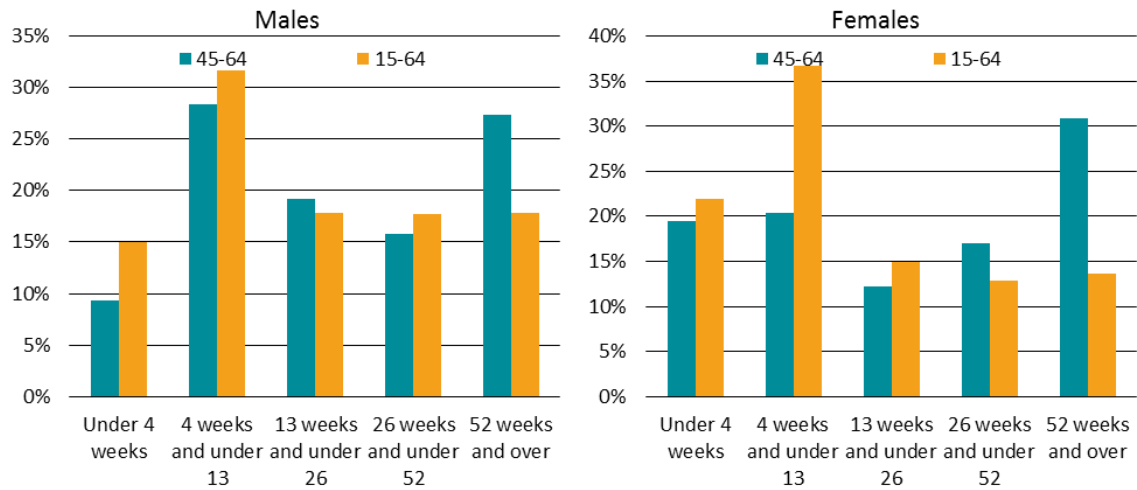


Source: ABS Cat No.6220.0 (2012)

Note: Figures in italics denote estimates have relative standard error of 25% to 50% and should be used with caution.

Those aged 45-64 who were unemployed were more likely to have been unemployed for long periods compared to the rest of the working age population (Figure 3). The proportion of unemployed 45-64 year olds who had been unemployed for more than one year was more than double that of the working age population (31 per cent compared to 14 per cent). Fifty-nine per cent of unemployed working age people had been unemployed for less than 13 weeks, compared to 39 per cent of unemployed aged 45-64. Figure 3 shows the percentage of unemployed by duration of unemployment.

Figure 3 Duration of unemployment by age and sex



Source: ABS Survey of Income and Housing 2009-10

This illustrates that while relatively few Baby Boomers are unemployed compared to other age groups, the problems they face as a result of their unemployment may be more serious. These problems include disillusionment with job searching resulting in withdrawal from the labour force and poverty from long-term reliance on Centrelink payments.

III. INCOME SUPPORT FOR OLDER AUSTRALIANS

While unemployment levels are low compared to other groups, older Australians are more likely to be suffering from a permanent or long-term disability preventing them from accessing or fully participating in the labour force. The Australian government provides a number of income support payments for those unable to participate fully in the labour market, yet are below the age for aged pension eligibility. The government currently spends around \$36 billion on into this welfare net on an annual basis, with over one-third of this expenditure on the Disability Support Pension.

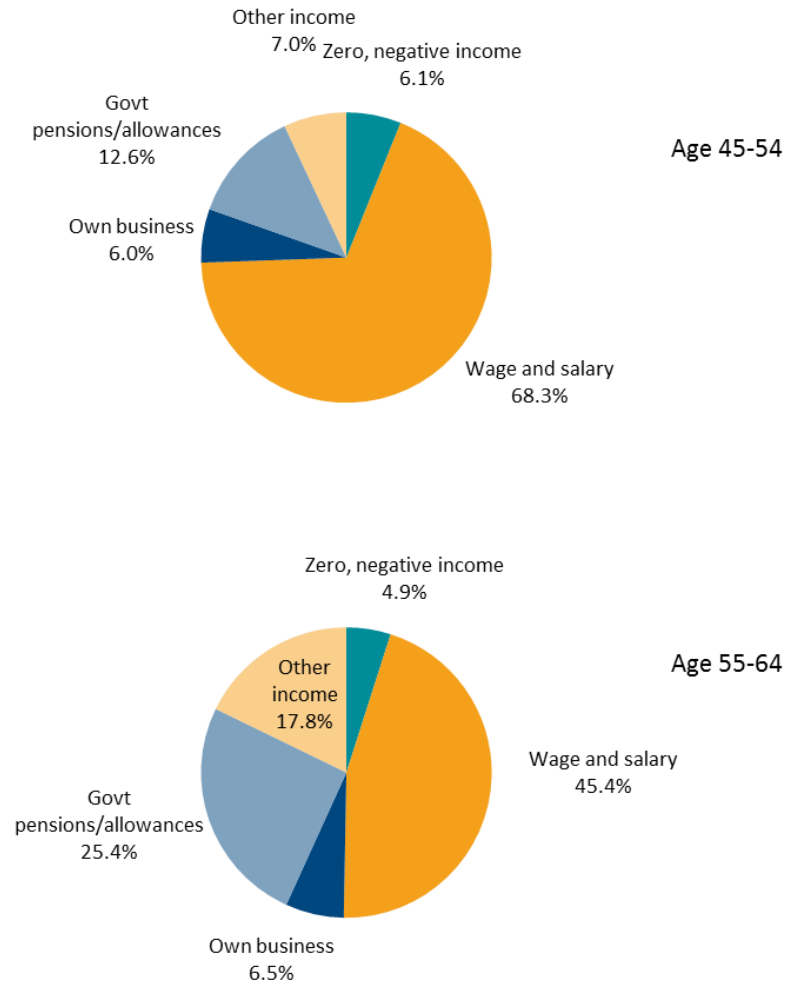
Our analysis of the latest ABS, Survey of Income and Housing 2009-2010, shows that 27.6 per cent of Baby Boomers received some form of Centrelink payment. The most common major payments for this age group were:

- Disability support pension (DSP), for people with a long term disability that prevents them from working more than 15 hours per week;
- Newstart Allowance, for people who are not working and engaged in approved activities to increase their chances of finding work, including job hunting, training, volunteer work or Work for the Dole;
- Family Tax Benefit (FTB), a payment to low and middle income parents of children aged up to 21; and
- Carer payments, for people who cannot work because of caring responsibilities for ill or disabled relatives.

Less common in this age group were war widow or war veteran pensions, parenting payments or wife pensions, and the age pension. More common minor payments (those that generally act as a supplement to some other form of income support) include rent assistance and mobility allowance.

Of people aged 45-54, 72 per cent of males and 65 per cent of females rely primarily on wages or salaries for their main source of income. Only 13 per cent of people relied on government pensions or allowances as their main source of income. For older Baby Boomers, those aged 55-64, only half of men and 41 per cent of women relied mostly on wages and salaries for income, while 21 per cent of men and 30 per cent of women mainly relied on government benefits. These older Boomers were more likely to rely on other income -18 per cent of this age group, compared with 7 per cent of people aged 45-54. These people are likely to be retirees living off superannuation or other investments. Figure 4 shows the main source of income of Baby Boomers, by ten year age bracket.

Figure 4 Main source of personal income of 45-64 year olds



Source: ABS Survey of Income and Housing 2009-10

Although only 18 per cent of 45-64 year olds rely on government benefits as their main source of income, 28 per cent of people are in receipt of some form of government pension or allowance.

Since virtually all Centrelink payments are means tested, and such payments are typically provided to people whose circumstances prevent them from earning an income, the non-employed (unemployed and not in the labour force) are much more likely to be receiving Centrelink benefits than the employed.

Table 2 shows the number of individuals receiving Centrelink benefits by age group and labour force status.

Table 2 Recipients of Centrelink by labour force status and age

| LFS | | 25-44 | 45-54 | 55-64 | 45-64 |
|------------|-----------------|-------|-------|-------|-------|
| Employed | No Centrelink | 81.9% | 85.2% | 88.6% | 86.4% |
| | Some Centrelink | 18.1% | 14.8% | 11.4% | 13.6% |
| Unemployed | No Centrelink | 82.8% | 45.2% | 40.9% | 43.8% |
| | Some Centrelink | 17.2% | 54.8% | 59.1% | 56.2% |
| NILF | No Centrelink | 32.4% | 43.5% | 36.8% | 39.1% |
| | Some Centrelink | 67.6% | 56.5% | 63.2% | 60.9% |

Source: ABS Survey of Income and Housing 2009-10

This table shows that only 14 per cent of employed people aged 45-64 receive Centrelink benefits, compared with 56 per cent of unemployed people and 61 per cent of those not in the labour force. Older Boomers, those aged 55-64, were much more likely than younger Boomers to receive some form of Centrelink payment if they were unemployed or not in the labour force, although employed Boomers in the younger age bracket were more likely to receive some Centrelink.

Partnered people are much less likely to receive Centrelink payments, as shown in Table 3. Amongst employed people, only 12 per cent of partnered persons received a Centrelink payment, compared with 19 per cent of singles. Seventy six per cent of single unemployed received Centrelink compared with 36 per cent of partnered unemployed, and 81 per cent of singles not in the labour force received Centrelink compared to 52 per cent of those in couples.

Table 3 Recipients of Centrelink by labour force status and marital status, 45-64

| LFS | | Partnered | Single |
|------------|-----------------|-----------|--------|
| Employed | No Centrelink | 88% | 81% |
| | Some Centrelink | 12% | 19% |
| Unemployed | No Centrelink | 64% | 24% |
| | Some Centrelink | 36% | 76% |
| NILF | No Centrelink | 48% | 19% |
| | Some Centrelink | 52% | 81% |

Source: ABS Survey of Income and Housing 2009-10

These patterns of Centrelink receipt by employment status show that a non-employed person who is not looking for work is more likely to receive government support than one who is involved in searching for a job. This is because the most common payment for jobseekers (Newstart) is paid at a lower rate

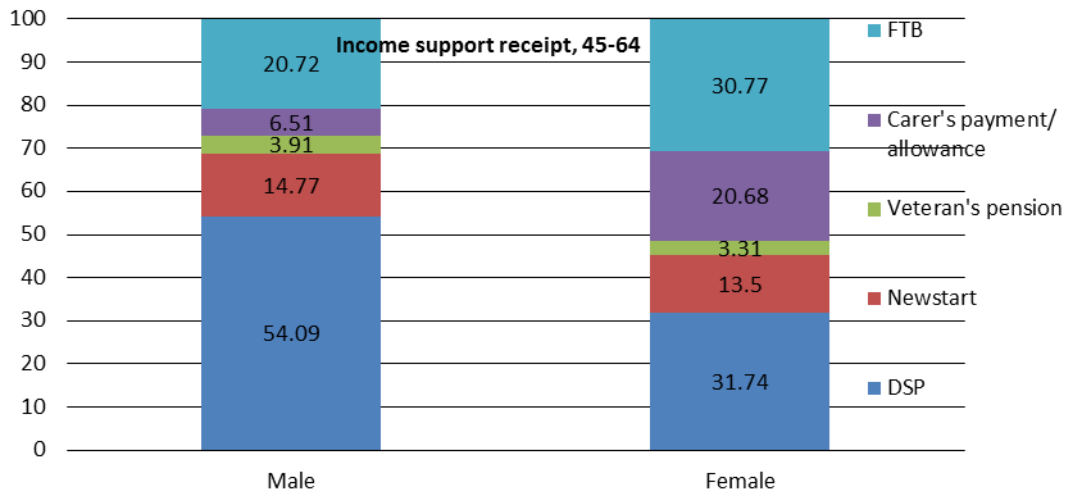
than the DSP, and it has a higher rate of withdrawal of benefits once the recipient begins earning an income. This means that a jobseeker who finds part-time work is more likely to completely lose their Centrelink payments if they were receiving Newstart instead of DSP. Newstart also has a 'liquid assets' test that DSP does not, which effectively bars all but the destitute from receiving Newstart. This stricter means test also applies to their partner (if they have one), which means that an unemployed person is more likely to be ineligible for Newstart due to their partner's income than a disabled person is to be ineligible for DSP.

Prevalence of income support payments

Of the nearly one-quarter of people aged 45-64 who are in receipt of some form of income support, by far the most common form of income support for men is the Disability Support Pension, and the most common form for women is the Family Tax Benefit. FTB was the second most common form of benefit for men and DSP the second most common for women. It should be noted that FTB can be paid to either member of a couple with children, so some men or women with children in a family that receives FTB may have elected to have the money paid to their spouse. Women were much more likely to receive a carer's payment (in line with the large proportion of men in receipt of DSP), than men and men were more likely than women to receive a veteran's pension. Figure 5 shows the form of income support received by Baby Boomers².

² Note that forms of income support not commonly received by this age group, such as AUSTUDY and the age pension, are excluded; and payments that typically accompany other forms of income support such as rent assistance or mobility allowance are also not considered. Although parenting payment is received by a number of Baby Boomers, recent changes to eligibility requirements mean that only parents of children under 8 will be entitled to parenting payment in the future, excluding most people over 50, so this payment is not considered in detail.

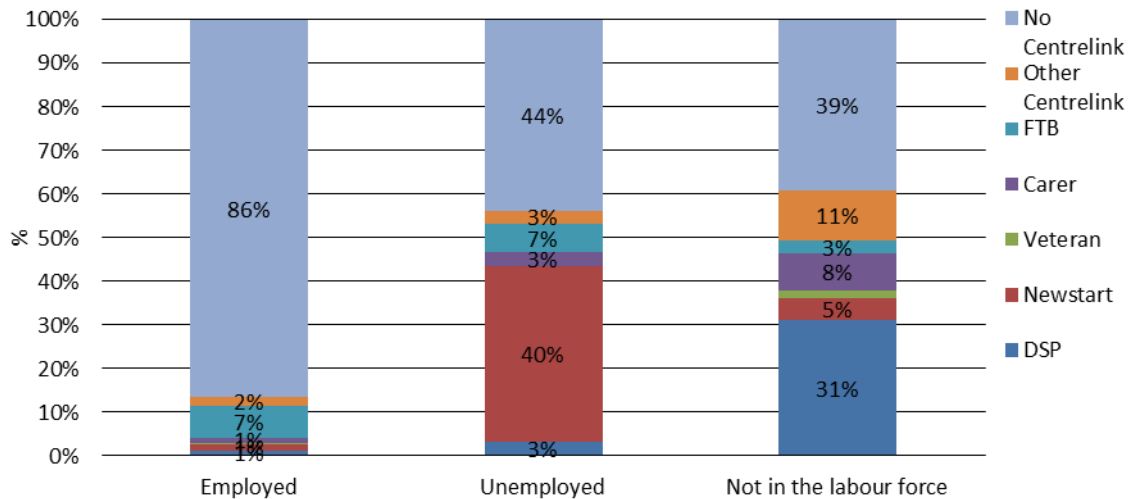
Figure 5 Type of income support received by sex, ages 45-64



Source: ABS Survey of Income and Housing 2009-10

Separating the non-employed into unemployed (looking for work) and not in the labour force (not looking for work) shows noticeable differences in the types of payment received, as shown in Figure 6. Most unemployed in receipt of Centrelink payments receive Newstart, while DSP is the most common payment for those not in the labour force. Few recipients of DSP are classified as unemployed, meaning they are not seeking work or able to start work soon. Despite Centrelink programs to force Newstart recipients to seek work, some Newstart recipients are classified as unemployed, which means either they did not seek work or were not able to start work within four weeks. As discussed earlier, the unemployed were less likely to receive income support than those not in the labour force.

Figure 6 Type of Centrelink payment by labour force status



Source: ABS Survey of Income and Housing 2009-10

When considering Figure 6, it must be noted that the unemployed are far fewer than those not in the labour force – 135 000 unemployed compared with almost 1.5 million not in the labour force. Although only 5 per cent of those not in the labour force receive Newstart, this amounts to 73 463 people, compared with 54 654 unemployed Newstart recipients. That more Newstart recipients are not looking for work than are, seems strange as for most people, receipt of Newstart is conditional on looking for work. However, there are a number of reasons why a Newstart recipient might not fit the definition of unemployed. They may not have been able to start work immediately due to health, illness or family responsibilities, or they may meet some other activity requirement for Newstart, for example volunteer work, work for the dole or study.

As Figure 6 shows, a large percentage of people who are unemployed or not in the labour force do not receive any Centrelink payments. This begs the question – how do these people survive, if they do not have wages or social security?

Most of the unemployed and not in the labour force are married, which means they can rely on their partners for financial support; their partner’s income is why they do not receive Centrelink. Of the

remainder who are single, 78 per cent state their main source of income is 'other income', for example, income from savings and investments.

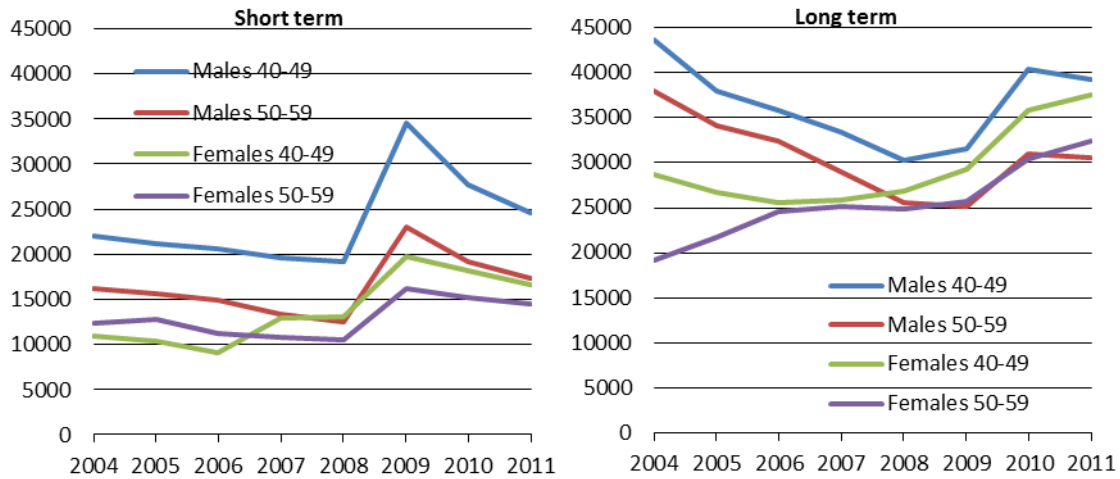
This is understandable considering that Baby Boomers are in the last two decades of their working lives and have been able to accumulate asset wealth; in a home to eliminate rent expenses, and other assets such as shares, superannuation, cash and rental properties to generate an income. Of single Baby Boomers not receiving Centrelink, the unemployed had median net wealth of \$579 000 and those not in the labour force had median net wealth of \$810 000.

Trends in income support payments

As Newstart is an unemployment-related payment, the number of recipients closely follows the business cycle (and the unemployment rate.) Figure 7 shows the number of short-term (receiving Newstart for less than one year) and long-term (receiving Newstart for more than one year) recipients aged 40-49 and 50-59. All groups showed a decline in short-term Newstart receipt from 2004-2008, consistent with a growing economy and declining unemployment over that period. The exception is females aged 40-49, which showed a jump in the number of Newstart recipients, probably due to legislative changes moving single parents from Parenting Payment to Newstart when the youngest child turns eight.

The number of male long-term Newstart recipients dropped sharply from 2004-2008 as unemployment declined and jobs became easier to get. This jumped for all age groups and sexes between 2009-2010, as the GFC cost jobs and made it harder for the unemployed to find work. While the number of short-term Newstart recipients has fallen since the peak of the GFC, the number of long-term recipients has remained stubbornly high, with long-term Newstart rates for women rising, whereas men's have been falling.

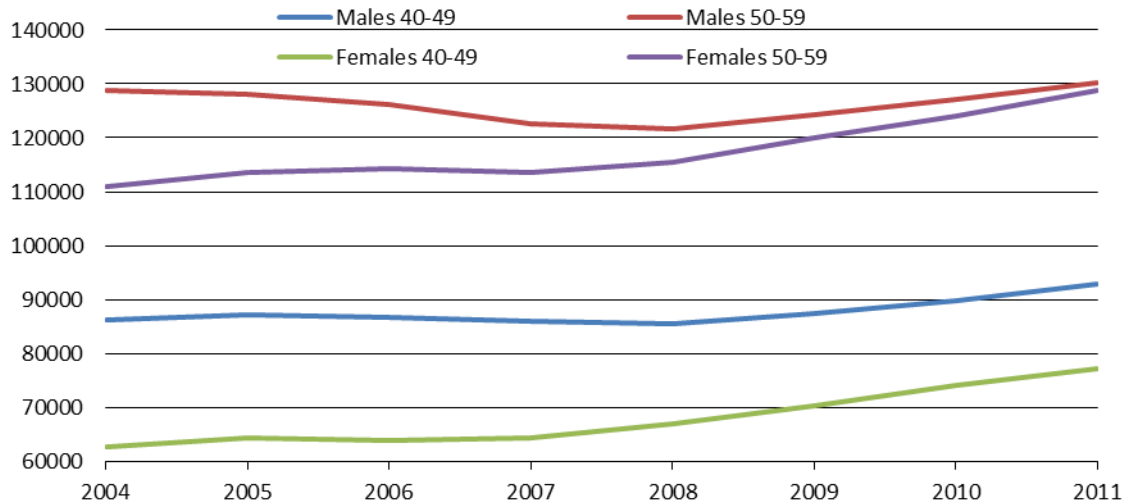
Figure 7 Number of Newstart recipients aged 40-59, 2004-2011



Source: (FAHCSIA 2012)

The Disability Support Pension can be expected to be less cyclical than Newstart, as it is linked to people’s physical or mental condition rather than the current economic climate and ease of finding suitable work. However, there is a strong link between disability and unemployment; over time, increases in unemployment have been strongly associated with increases in the number of DSP recipients (Argyrous and Neale 2003, Morris 2006, OECD 2007). A person with a disability that allows them to perform some work, even if not full-time, may find it more difficult to find employment that can work around their disability if unemployment is relatively high and employers have a number of candidates to choose from. Figure 8 shows that the number of males in receipt of DSP generally declined from 2004-2008, then climbed again following the GFC. The number of women claiming DSP was much lower than men for both age groups, but the number of women claiming has been increasing, at a faster rate following the GFC. In 2004, 18000 fewer women than men aged 50-59 received DSP; by 2011 the gap in DSP receipt in this age group had narrowed to less than 2000 recipients. These findings are surprising, especially given the government’s welfare to work policy introduced in July 2006, with those receiving disability one of the primary targets. However, the relatively steep increase in payment recipients since the GFC, lends itself to further questions around the effectiveness of the welfare to work policy in less favourable economic times.

Figure 8 Number of DSP recipients by age and sex, 2004-2011



Source: (FAHCSIA 2012)

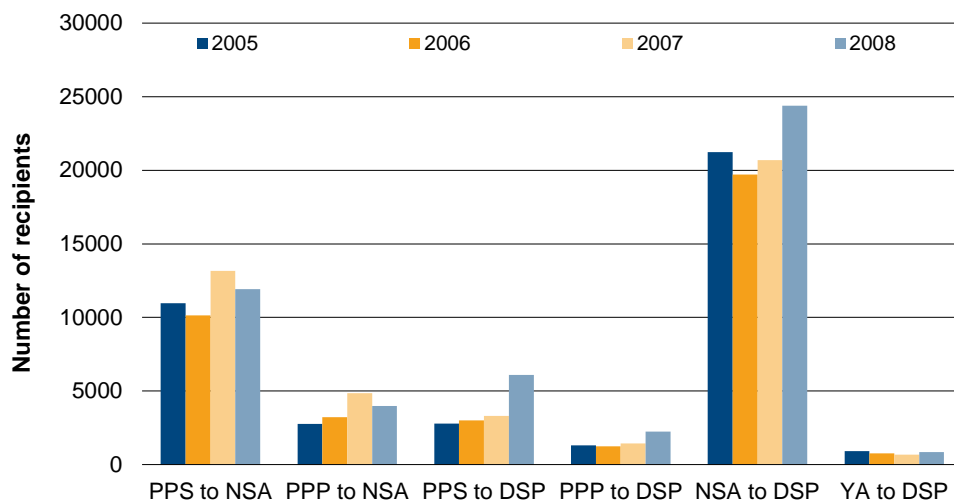
An examination of Centrelink data between 2005 and 2008 captures some interesting patterns of Centrelink recipients moving between payments that may help explain increases in DSP recipients (Figure 9). Comparing periods before and after the implementation of Welfare to Work in July 2006, Figure 8 shows that there was relatively little change in the number of Parenting Payment Partnered (PPP) or Parenting Payment Single (PPS) recipients that moved to DSP in the year directly following the new policy - 2007. However, in 2008, we see a jump in the shift of the number of recipients from PPP (2241 recipients) and PPS (6085 recipients) to DSP³.

The rise in men and women moving from these payments to DSP, may be to some extent related to the first impact of the GFC and linked with the ageing population and its associations with long-term illnesses. However, it also suggests that Welfare to Work may not be working for all, and that instead of movements away from DSP, we are seeing movements towards this payment. It may also be the case that the number and growth of recipients of DSP may have been even bigger if the reforms had not been implemented at all.

³ Although Figure 8 captures shifts from one Centrelink payment to another, regardless of age, movements to DSP are more likely to be among older age groups, who are more prone to illness and disability.

The shifts to DSP in 2008 represented 1.7 per cent of total PPS recipients in 2008, almost three times the proportion in 2005. Similarly, the proportion of PPP recipients who shifted to DSP was 1.8 per cent of total PPP recipients in 2008 or more than two times the proportion in 2005. Figure 9 also shows that there have been also substantial shifts from recipients of Newstart Allowance to DSP in 2008.

Figure 9 Changes in Centrelink Payment Recipients (2005-2008)



Source: FaHCSIA (2008)

These figures show that the most common payments for the non-employed, Newstart and DSP, are cyclical, with Newstart more noticeably so. Newstart is more common among 40-49 year olds, while DSP is more common among 50-59 year olds. Females are less likely than males to receive either payment, although the gap has substantially narrowed over the last eight years.

IV. JOB SEARCH EXPERIENCES

Work force vulnerabilities are evident for older Australians, particularly in relation to long-term unemployment and discouragement in the labour force. Information about job search experiences and barriers to employment can introduce important evidence into understanding further the potential barriers and labour market inefficiencies that may exist for this older cohort.

Steps taken to find work

Similarities and differences between the steps that particular age groups take to find work are illustrated in Table 4. It shows that older generations are more likely to look for and answer an advertisement for a job through a newspaper, whereas younger cohorts are more inclined to use the internet. This illustrates to some extent preferences of job search activity and barriers and inefficiencies that are likely to exist in the form of asymmetric information, especially as employers become increasingly more likely to advertise through the internet rather than newspapers as a cost saving device. It is shown for example, that around 84 per cent of those in the Gen Y and X cohorts looked at advertisements for jobs on the internet, compared with 76 per cent of Baby Boomers. Baby Boomers were much more likely to look for advertisements through newspapers when compared with both younger cohorts – a difference of 16 percentage points when compared with Gen Y and 7 percentage points in comparison to Gen X. These results may also reflect the types of jobs that each cohort is looking for and processes for gaining an entry level job generally being quite different for higher-level occupations.

Interestingly, the Baby Boomer generation were more likely to register with a Job Services Australia provider (almost 50 per cent), compared with only 37 per cent of younger Australians (Gen Y). They are also much more likely to have registered with other employment agencies, and consequently, to have checked with these agencies. These results are likely to reflect to some extent the greater propensity for older generations to be unemployed for longer periods than younger generations, and the links between this labour force status and the requirement or necessity to register with job agencies stemming from this labour force position. Baby Boomers are also more likely to look at advertisements for jobs on noticeboards and to contact friends or relatives in their steps to find work when compared with younger generations.

Table 4 Steps to find work, unemployed persons, 2012

| All steps taken to find work | Gen Y (%) | Gen X (%) | Baby Boomers (%) | % point difference Baby Boomers and Gen Y | % point difference Baby Boomers and Gen X |
|--|-----------|-----------|------------------|---|---|
| Wrote, phoned or applied in person to an employer for work | 85.3 | 84.1 | 81.4 | -3.8 | -2.7 |
| Answered an advertisement for a job in a newspaper | 39.0 | 48.4 | 50.6 | 11.6 | 2.1 |
| Answered an advertisement for a job on the Internet | 64.4 | 69.7 | 61.4 | -3.0 | -8.3 |
| Had an interview with an employer | 45.5 | 49.8 | 50.9 | 5.4 | 1.1 |
| Contacted friends or relatives | 46.4 | 44.1 | 47.4 | 1.0 | 3.4 |
| Registered with a Job Services Australia provider | 36.9 | 48.9 | 49.8 | 13.0 | 0.9 |
| Registered with other employment agency | 16.8 | 27.4 | 31.0 | 14.2 | 3.7 |
| Checked with a Job Services Australia provider | 30.6 | 43.0 | 43.9 | 13.3 | 1.0 |
| Checked with other employment agency | 14.6 | 27.9 | 28.9 | 14.3 | 1.1 |
| Looked at advertisements for jobs in a newspaper | 61.7 | 70.8 | 78.1 | 16.4 | 7.3 |
| Looked at advertisements for jobs on the Internet | 83.8 | 84.1 | 76.1 | -7.7 | -8.1 |
| Looked at advertisements for jobs on noticeboards | 29.3 | 32.8 | 37.5 | 8.2 | 4.7 |
| Registered with Centrelink as a job seeker | 45.2 | 53.5 | 53.4 | 8.2 | -0.1 |
| Other steps | 26.7 | 31.4 | 28.9 | 2.2 | -2.5 |

Note: More than one response can be provided therefore components do not sum to total. Refers to all steps taken to attain a job, not necessarily the current or main job. Owner managers were not asked about steps taken to attain a job, therefore percentages for all steps taken to attain a job are calculated for Employees (excluding OMIEs) only. Generations have been broadly defined as follows: Baby Boomers are those currently aged over 45 years; Gen X those aged between 25 and 44; and Gen Y those aged between 15 and 24.

Source: ABS Survey of Job Search Experience (2012), ABS Cat No. 6222.0

The broader steps that older unemployed generations, particularly the Baby Boomers, take in an effort to find employment, give rise to a number of questions and potential issues with job search processes in Australia. On the one hand, broader job search activities could give rise to greater results in terms of securing a job, on the other hand, job search activities can require a substantial individual cost, particularly if job search activity is not matched to those activities that achieve the greatest outcomes (e.g. internet). Broader job search activity in itself could also be a marker of the difficulties that older generations may have in the labour market, requiring them to seek work through a variety of channels.

Overall, the higher propensity for Baby Boomers to seek work through multiple job search activities is evident when compared with younger generations, demonstrating a strong desire to seek employment. Benefits of this activity, to some extent is acknowledged through the higher interview rates for Baby Boomers, with over 50 per cent having an interview with an employer, compared with just over 45 per cent of Gen Ys. The extent to which interviews have converted to employment is unable to be assessed, however, it is shown elsewhere that a job interview is the main channel to employment.

Difficulties finding work

The difficulties experienced in finding work vary by generation, as shown in Table 6. The most common difficulty in finding work varied across the generations.

Table 5 Main difficulty in finding work, unemployed persons, 2012

| Main difficulty in finding work | Gen Y (%) | Gen X (%) | Baby Boomers (%) | % point difference Baby Boomers and Gen Y | % point difference Baby Boomers and Gen X |
|--|-----------|-----------|------------------|---|---|
| Too many applicants for available jobs | 13.3 | 18.3 | 13.8 | -4.6 | 0.5 |
| Lacked necessary skills or education | 9.8 | 7.4 | 3.8 | -3.6 | -6.1 |
| Considered too old by employers | 0.0 | 1.3 | 17.9 | 16.5 | 17.9 |
| Insufficient work experience | 15.1 | 7.8 | 4.0 | -3.8 | -11.1 |
| No vacancies at all | 7.5 | 5.9 | 6.4 | 0.5 | -1.1 |
| No vacancies in line of work | 7.8 | 7.9 | 9.0 | 1.2 | 1.3 |
| Too far to travel /transport problems | 10.5 | 6.4 | 1.7 | -4.7 | -8.7 |
| Own ill health or disability | 4.9 | 9.7 | 15.1 | 5.4 | 10.1 |
| Unsuitable hours | 5.9 | 6.2 | 1.6 | -4.6 | -4.3 |
| Other family responsibilities | 0.0 | 1.8 | 1.7 | -0.1 | 1.7 |
| No feedback from employers | 4.1 | 4.1 | 4.0 | -0.1 | -0.1 |
| Other difficulties | 8.4 | 10.5 | 10.2 | -0.3 | 1.8 |
| No difficulties at all | 11.9 | 10.1 | 10.8 | 0.7 | -1.1 |

Note: Generations have been broadly defined as follows: Baby Boomers are those currently aged over 45 years; Gen X those aged between 25 and 44; and Gen Y those aged between 15 and 24.

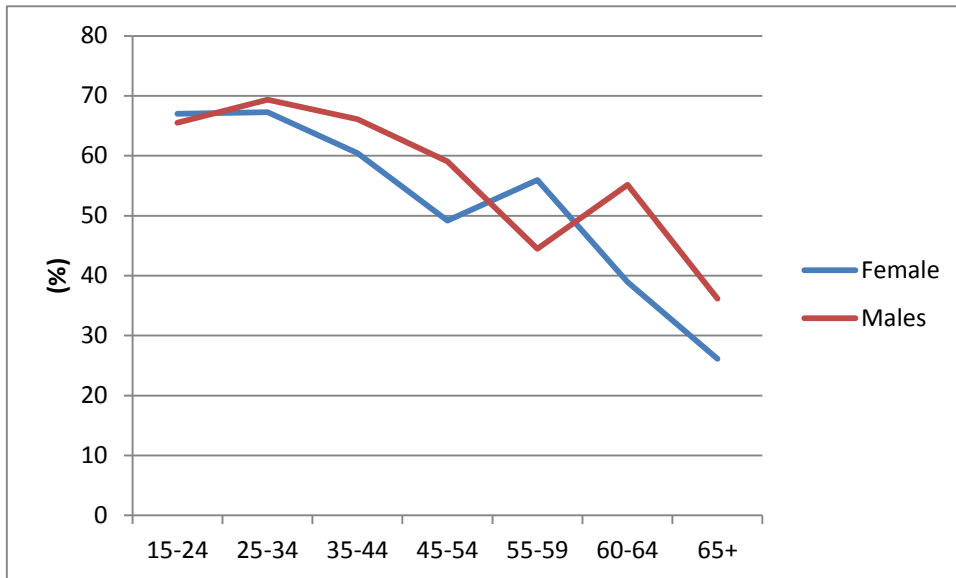
Source: ABS Survey of Job Search Experience (2012), ABS Cat No. 6222.0

Gen Ys, not surprisingly cite insufficient experience as the main difficulty in the labour market (15.1 per cent), followed by too many applicants and transport/travel problems. Almost one-fifth of Gen Xs have found too many applicants as the main difficulty in gaining employment, followed by other difficulties

and health or disability problems. The most common difficulty in finding work cited by Baby Boomers is that they are considered too old by employers, with over 17 per cent per of Boomers having this perception. This is followed by difficulties with own ill health or disability, and too many applicants for available jobs. While the majority of difficulties in finding work are in a sense 'legitimate' labour market obstacles that can often be overcome, age discrimination (either direct or indirect) is often more difficult to overcome. The House of Representatives Standing Committee on Education, Employment and Workplace Relations found that negative employer attitudes to mature age workers, in some cases perceiving older workers as unwilling to retrain, could make it harder for older Australians to find work (2000). Kossen and Pedersen (2008) argue that employers perceive mature age workers as lacking flexibility and the ability to learn, acquire new skills and adapt to change.

Difficulties that older generations experience in the work force is further evidenced by the perceived probabilities in finding a suitable job in the next 12 months that job seekers report. Figure 10 demonstrates decreasing reported likelihoods as age increases, with men generally more optimistic than women across the life-course, with the exception of those aged 55-59 years. At this age, women's reported likelihood of finding a suitable job increase to around 55 per cent, from a low of 49 per cent at age 45-54 years.

Figure 10 Probability of finding suitable job in the next 12 months



Note: Population are those who are not working, but would like to work. Respondents were asked to state the probability of finding a suitable job in the next 12 months.

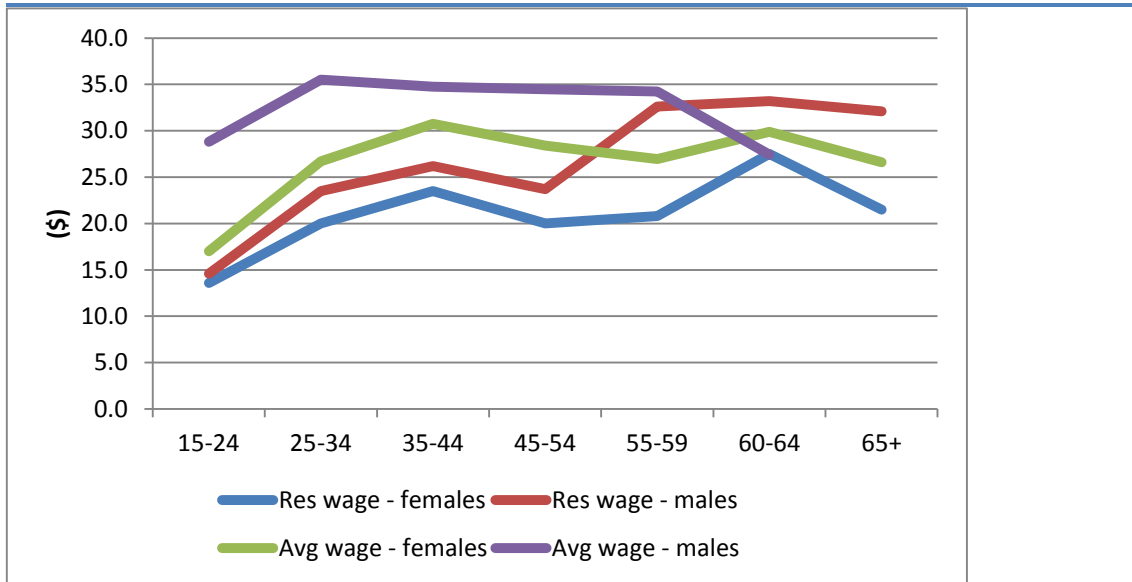
Source: Authors' calculations from HILDA Wave 11 (2011)

Reservation wage and labour market difficulties

One potential explanation for difficulties that Baby Boomers may have in seeking employment is that their reservation wage may reduce the probability of finding suitable employment (Maestas and Li 2006). As highlighted by De Coen et al. (2010), willingness to work decreases with age, which in turn increases the reservation wage. An analysis of the same group of those who are not working, but would like to work shows that the lowest average acceptable wage (or reservation wage), is much higher for older age groups than younger ages and that the average male reservation wage is always higher than females, with gaps widening as age increases (Figure 11).

Comparing the reservation wage with average hourly wages of those currently employed supports to some degree unrealistic expectations of remuneration for older men seeking employment. For men, the reservation wage for those that are not working rises above that of average wages at age 55-59, however prior to this age, remains well below average market rates. For women, the reservation and average wages track more closely together, with the gap widening during the child-bearing years.

Figure 11 Lowest acceptable mean wage per hour of those not working (reservation wage) and average earnings of those employed



Source: Authors' calculations from HILDA Wave 11 (2011)

Controlling for labour market status, and further willingness to work (with those classified as unemployed, likely to be more willing than those who are not in the labour force), we see that generally the reservation wage is higher for those not in the labour force across all age groups and genders. The differences are greatest for those aged between 25 and 34 years. Differences in the reservation wage for Baby Boomers (those aged 45+), are not as obvious, with unemployed men citing a higher reservation wage than those not in the labour force, whereas for women, the opposite pattern is observed.

Table 6 Reservation wage by age, sex and labour force status

| Age | Sex | Unemployed | NILF | Difference |
|-------|--------|------------|------|------------|
| 15-24 | Male | 14.5 | 14.7 | 0.19 |
| | Female | 14.4 | 13.2 | -1.2 |
| 25-34 | Male | 19.5 | 26.7 | 7.19 |
| | Female | 18.3 | 20.6 | 2.34 |
| 35-44 | Male | 25.5 | 26.7 | 1.21 |
| | Female | 20.0 | 24.8 | 4.8 |
| 45+ | Male | 30.9 | 28.6 | -2.23 |
| | Female | 20.0 | 21.9 | 1.97 |

Source: Authors' calculations from HILDA Wave 11 (2011)

These tentative findings illustrate that job search activity and barriers to participation for older workers are often complex, and are likely to stem from both supply (employee) and demand (employer) side factors, with reservation wages, among other elements playing a key role in the probability of employment success.

V. CONCLUSION AND DISCUSSION

This paper has considered the current situation of unemployed Baby Boomers using a variety of data sources. Specifically, it considers the prevalence of unemployment among this age group using aggregate Labour Force Survey data, and Centrelink payments for the unemployed and disabled. It also uses data from the 2009-10 Survey of Income and Housing to consider the characteristics of unemployed Baby Boomers and how they differ from those who are employed or not in the labour force. Finally, the job search activities and prospects of employment of those who would like to work but are not currently working is analysed using the 2011 Household Income and Labour Dynamics in Australia (HILDA) survey.

Increased labour force participation for Baby Boomers, especially for older women, is highlighted in the paper, with unemployment generally quite low for older Australians. However, hidden unemployment is of concern, with higher underemployment rates of discouraged workers for older Australians. This is particularly evident for women.

Differences between the Baby Boomers and younger generations in terms of duration of unemployment are stark, with far greater rates of long-term unemployment (more than 1 year) for those aged 45-64 years. This finding has important implications and highlights the difficulties that older generations have reported in the labour market in gaining appropriate employment. Cohort differences are also noticeable in terms of job search activity, with Baby Boomers more likely to go to great lengths in e

One potentially important finding is that the non-employed who are seeking work are generally worse off than the non-employed who are not seeking work: they are less likely to receive income support of any kind, their personal incomes are lower and they receive less money from Centrelink. This is, at least in part, because unemployed people (non-working people who seek work) are much more likely to be

on Newstart, while non-working people who are not seeking work are much more likely to be disabled enough to qualify for Disability Support Pension, which pays more and has more lenient means testing. The justification for allowances paying substantially less than pensions is that a person is assumed to only receive an allowance for a short period of time (for example, a few months of unemployment) as opposed to the years one might be expected to receive on a pension. However, the prevalence of long-term unemployment among Baby Boomers indicates that Baby Boomer Newstart recipients may be in receipt of this allowance for quite some time, and struggle with income adequacy

A number of important policy issues are uncovered based on the evidence in this report – most noticeably, the inadequate support that is being delivered to a vulnerable group that is largely struggling in the labour market. Income support from government for those seeking work is likely to be inadequate, especially given the greater duration of unemployed Baby Boomers relative to younger cohorts, and opens the door for poverty traps. The increase in Baby Boomers receiving DSP raises concerns around the effectiveness of the welfare to work policy in less favourable economic times, and warrant's further investigation. Difficulties that Baby Boomers are experiencing in gaining suitable employment are substantial, and introduce important evidence around barriers to employment and potential labour market and job seeking inefficiencies that can hamper economic growth and individual wellbeing. The incidence of reporting discrimination in job seeking activities is of particular concern, but also the degree to which ill health and disability is an issue for adequate participation for this cohort.

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