

## **SOCIO-ECONOMIC IMPACT OF MATURE AGE UNEMPLOYMENT IN AUSTRALIA**

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### **Abstract**

Mature age unemployment has been a serious problem for the Australian economy. Along with ageing and low participation rate in the workforce, the country is facing an imbalanced labour market. This paper identified the causes and consequences of mature age unemployment to find out a suitable solution for the issue. The study showed that mature age people face more obstacles in getting or keeping a job mostly because of the traditional belief among the employers about their capability. Among others, personal injury, development of new technologies, economic minimisation of organisations and ageing are also responsible for the mature age unemployment. This age specific unemployment issue does not only causing individual sufferings; rather it has a big socio-economic impact over the national economy. It is reducing the labour force participation rate, increasing the burden over employed group by increasing the number of dependents, distorting the labour market by reducing skilled and experienced workforce and overall, increasing government expenses for running different pension and health service schemes.

The paper re-establishes the balance of national labour force by restoring the unemployed aged people in the working labour force group. Possible solutions explored include establishment of training institutions targeting mature age unemployed people, on the job and off the job training programmes, awareness programme among the employers and employees about the health and safety issues of workplaces, tax benefit offerings for maintaining a certain number of mature age people in the personnel pool, micro credit offerings to unemployed people for starting small scale businesses. The paper analyses how keeping the mature age people in the working force can be a better option than other programmes targeting the labour market, e.g. baby bonus, immigration, etc. The paper showed that mature age unemployment is not a problem for individuals only; rather the restoration of these experienced people in the workforce can better off the whole economy.

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## **1. Introduction**

Mature age unemployment is now becoming a principal concern for Australian socio-economic policy. With a trailing dilemma of increased ageing and non-working population, the economy is struggling with the mature age unemployment to keep its labour force balanced. The traditional belief about the ability of mature age people, ageing and trend of 'downsizing economy' has made the problem even worse. People unemployed at age over 45 years not only face financial deficiency, even become socially isolated. The problem is often taken as a social crisis and efforts so far given to address the issue ended up with social benefit packages like superannuation and pension schemes. Even if the mature age unemployed people are provided socio-economic support, the national economy will not be able to manage the problem, as it will only decrease the participation rate to work force. Efforts are needed to bring these unemployed people into the working labour force to restore the labour force balance.

The paper seeks to identify the major issues and consequences of mature age unemployment by analysing its trend. The major reasons, results and impacts of mature age unemployment have been studied to find out a reasoned solution. Section 1 of the paper gives a brief background of the issue and section 2 examines the different issues sequentially that includes the ageing, issues of retirements and consequences of unemployment. Section 3 examines the social and economic impacts of the issue that results in an effort to provide a solution in section 4. Finally, section 5 concludes the paper.

### **Limitations of the Paper**

Statistical figures used in this paper are mostly from the Australian Bureau of Statistics (ABS) Labour Force Survey (LFS). There have been very few statistical reviews done specifically on this issue and many data used in this paper are three to four years old. More importantly, there are debates about the credibility of data provided by the ABS on mature age unemployment. For example, in May 1999 the official unemployment figure for workers aged 50 years and over was 90,600, whereas in the same month the CentreLink provided a number of 111,002 clients who were entitled to benefit.<sup>1</sup>

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<sup>1</sup> National Seniors (2003), *Employment for Mature Age Workers Issues*, Brisbane: National Seniors..

## 2. Mature Age Unemployment in Australia: Recent Trends

In this section, the increasing trend of mature age unemployment is studied with a cause and effect analysis. The reasons for mature age unemployment can be divided into two categories: a. Numerical growth and b. Comparative growth.

### 2.1 Numerical Growth

Numerical growth of mature age unemployment denotes the natural rate of increase that happens for the overall increase of population, ageing, national unemployment rate, etc. This is the numeric figure of total mature age unemployment. Ageing and natural unemployment are explained as two fundamental reasons of increasing mature age unemployed people.

#### *Ageing: First Sign of Mature Age Unemployment*

Like most of the developed countries with high life expectancy rate and falling fertility rate, Australia's economy is suffering from the ageing problem too. The proportion of people aged 65 years and over has tripled in the last century, from 4 per cent in 1901 to 12 per cent in 2001.

Table 01: Ageing in Australia (2000)

	Units	Persons
Proportion aged 65 years and over	%	12.3
Capital city	%	11.8
Balance of State	%	13.3
Number aged 65 years and over	'000	2,360.2
Capital city	'000	1,440.4
Balance of State	'000	919.7

Source: ABS 2000 Population Estimates by Age and Sex, Australia.

It is projected that this growth will continue and by 2020, 18 per cent of the population will be aged 65 years and over.<sup>2</sup> This has caused a natural increase in the total amount of mature age people- both employed and unemployed.

<sup>2</sup> Australian Bureau of Statistics (2000), *Population Projections Australia: 1999 to 2101*, Cat. no. 3222.0, Canberra: Australian Bureau of Statistics.