



# ***65 Years and Over Industry Sector Workforce Participation***

Research undertaken by:  
**The South Australian Centre for Economic Studies**  
University of Adelaide

***Funded by the Independent Research Fund***

**October 2022**

**Copyright:** All rights reserved. The Copyright Act 1968 permits fair dealing for study, research, news reporting, criticism or review. Selected passages, tables or diagrams may be reproduced for such purposes provided acknowledgement of the source is included. Otherwise, no part of this publication may be reproduced, stored or transmitted in any form or by any means without the prior permission in writing of the Publisher.

**Disclaimer:** This study, while embodying the best efforts of the investigators is but an expression of the issues considered most relevant, and neither SACES, the investigators, nor the University of Adelaide can be held responsible for any consequences that ensue from the use of the information in this report. Neither SACES, the investigators, nor the University of Adelaide make any warranty or guarantee regarding the contents of the report, and any warranty or guarantee is disavowed except to the extent that statute makes it unavoidable.

**Authors:** Visiting Research Fellow Darryl Gobbett  
Associate Professor Michael O'Neil, Honorary Research Fellow  
Mr Peter Gill, Research Associate

**Published by:** South Australian Centre for Economic Studies  
University of Adelaide  
ADELAIDE SA 5005  
AUSTRALIA  
Telephone: (61+8) 8313 5555  
Facsimile: (61+8) 8313 4916  
Internet: <http://www.adelaide.edu.au/saces>  
Email: [saces@adelaide.edu.au](mailto:saces@adelaide.edu.au)

ISSN 1445-6826

© SA Centre for Economic Studies, 2022

## South Australian Centre for Economic Studies (SACES) Independent Research Fund

### Establishment of the Fund

The Independent Research Fund (IRF) was established in 2018 largely on the initiative of the South Australian Business Community who approached the South Australian Centre for Economic Studies with a desire to support independent, broad-based, public policy research of benefit to the South Australian economy and the wider community. The fund is to support the research capacity of the South Australian Centre for Economic Studies in making a contribution to public policy debate.

### Purpose of the Fund

The Purpose of the Fund is to expand the University's South Australian Centre for Economic Studies' (SACES) current economic research, including:

- deepening, widening and stimulating publication and economic debate,
- commissioning and subsidising research into economic, industry and social policy issues of importance to the economic, industrial and social development of South Australia, and
- providing evidence-based research and public discussion on issues that underpin or impede economic, industrial, and social policy development in South Australia.

### Advisory Board

An Advisory Board has been established consisting of individual donors (and/or their proxy), a representative of the South Australian Department of Treasury and Finance and an employee of SACES of the University of Adelaide. The Chair of the Board is nominated and agreed by the donors. The Advisory Board considers and prioritises the agenda/topics for research. Topics for research will be broad-based and of no material benefit to any individual donor. Expenditure on research topics will be limited by the money available in the fund and the budget allocated to each research undertaking.

### Contacts

If you would like further information on the Independent Research Fund or to discuss the work of the IRF you can contact the Acting Director of SACES, Jim Hancock at [jim.hancock@adelaide.edu.au](mailto:jim.hancock@adelaide.edu.au) or Honorary Research Fellow Michael O'Neil at [michael.oneil@adelaide.edu.au](mailto:michael.oneil@adelaide.edu.au)

## Executive Summary

At the recent Jobs and Skills Summit (September 2022) the Federal Government announced an increase of \$4,000 per annum to \$11,800 per annum in the amount of employment derived income a single Age Pensioner can receive before the Age Pension is reduced.

This was a welcomed shift in public policy. However, in our view there is a need for a broader examination of the possible public policy and other constraints on workforce participation by those 65 years and older. This age group made a significant contribution to meeting overall employment demand over the last decade and particularly as restrictions on international immigration in 2020 and 2021. Pensioners in New Zealand can work without it affecting their income and 25 per cent of them earned income from paid work, compared to 3 per cent in Australia

With the population of those 65 years and older expected to be the fastest growing for at least the next few decades, getting the appropriate public policy settings and employer and employee attitudes is likely to have a significant influence on workforce growth and composition, productivity and household incomes, amongst other issues.

## 65 Years and Over Industry Sector Workforce Participation

### Summary

In a recent paper funded by the Independent Research Fund<sup>1</sup> we set out the need to change the current limits applying to employment income before Age Pension entitlements are reduced/lost.

The Federal Government announced at the September 2022 Jobs and Skills Summit an increase of \$4,000 per annum to \$11,800 per annum in the amount of employment derived income a single Age Pensioner can receive before the Age Pension is reduced by \$0.50 per fortnight per \$1.00 of additional income per fortnight.

While this change is welcome, there is a need for a broader examination of the possible public policy and other constraints on workforce participation by those 65 years and older. This age group made a significant contribution to meeting overall employment demand over the last decade and particularly as restrictions on international immigration in 2020 and 2021 sharply reduced labour force growth.

Total employment of this age group increased by 80 per cent from 2011/12 to 2021/22, representing 13.8 per cent of total employment growth. Over the past decade their share of Full-Time employment across all age groups grew from 2.1 per cent to 3.2 per cent while the share of Part Time employment grew from 5.7 per cent to 8.6 per cent.

By major industry sector, average hours worked per week by this age group in Full Time employment generally equal or exceed the average hours worked by those aged 15 to 64 years. In contrast, weekly average hours worked by those 65 years and over in Part Time employment are often less than for the rest of the workforce.

With the population of those 65 years and older expected to be the fastest growing for at least the next few decades, getting the appropriate public policy settings and employer and employee attitudes is likely to have a significant influence on workforce growth and composition, productivity and household incomes, amongst other issues.

### Age Pension Income Test Changes

The increase announced by the Federal Government in the amount of employment income exempt from the Age Pension Income Test is on top of the general \$190 per fortnight, or \$4,940 annual amount, of “deemed” or received income from other sources that a single Age Pensioner can receive before the \$0.50 per fortnight per \$1 of income cut out occurs.

To put this in context, the new \$11,800 per annum of exempt employment income along with the \$4,940 per annum of general exempt income is \$643.85 per fortnight. At the current minimum wage and casual loading (a total of \$26.725 per hour), this represents about 12 hours of work per week.

Most Age Pensioners will have part of their \$190 per fortnight general exempt income band used up by “deemed” income on their superannuation and other financial investments. For example, a \$150,000 superannuation balance would have deemed income sufficient to chew up a potential 1.6 hours of work per week at the minimum wage and casual loading.

While the proof of the Federal Government’s new pudding recipe will be how potential and actual Age Pensioners react and the proposed changes are yet to be legislated, they appear likely too small and of potentially too shorter a duration to be of much impact.

This seems a lost opportunity when Australia faces continued significant labour shortages across almost all sectors.

## Employment Growth of those 65 years and over

The last decade, and particularly 2020/21 and 2021/22 with the COVID-19 induced limits on international immigration and work force growth, show Australians 65 years and over can and do make a significant impact on workforce and employment growth.

For people 65 years and over, employment growth over the last decade has been over twice the pace of employment growth for those under 65 years while it has contributed almost 14 per cent of total employment growth.

This is despite very low employment participation of the 60 per cent of the 66 years and over population that receive the Age Pension.

Only 3.8 per cent of the 2.55 million Age Pensioners at March 2021 report employment earnings, according to a report published in November 2021 by the Australian Institute of Health and Welfare<sup>2</sup>.

In contrast, we estimate that employment participation of those 66 and over not on the Age Pension is around 28 per cent.

Australians 65 years and older increased their participation overall and across all industry sectors over the decade since 2011/12.<sup>3</sup>

In 2021/22 there were 643,900 Australians 65 years and over employed, representing 4.8 per cent of total employment, and an increase of 80 per cent since 2011/12 when the share was 3.2 per cent. Over that period, the increase in the number of 65 years and over employed of 285,500 contributed 13.8 per cent of total employment growth.

While most of that employment growth was in Part Time employment (by 162,400), the increase in Full Time employment of 65 years and over of 123,000 between 2011/12 and 2021/22 contributed 9.6 per cent of the total growth in Full Time employment.

This growth took the 65 years and over share of Full-Time employment from 2.1 per cent in 2012 to 3.2 per cent in 2022. The share of Part Time employment held by those 65 years and over increased from 5.7 per cent to 8.6 per cent. (See Table 1)

It is likely that the comparisons of those on the aged pension is to some degree confounded by differences in propensity to work and access to private superannuation at different ages. The characteristics of 65-74 year olds, for example, are likely to differ greatly from 75 and overs. We note that selecting “those 65 and overs not reliant on the aged pension” it is likely that there would be a tendency to select a younger population than “those over-65s who are reliant on the aged pension”. Independent of their superannuation and aged pension entitlements, we can expect 65-74 year olds to work more because they are healthier and have better connection with the labour market because ties built up during their full-time working life dissipate over time.

Some statistical evidence is available in the following table, which contains information from the *Survey of Income and Housing 2019–20*. It doesn't directly resolve the issues at hand, but it shows that income patterns are very different for 65-74s vs 75 and overs.

**Table 1: Comparison of source of income by age 65-74 and 75 and over**

|   |   | 65 YEARS AND OVER |              |
|---|---|-------------------|--------------|
|   |   | 65-74             | 75 and over  |
| <b>ESTIMATES</b>                                    |   |                   |              |
| <b>Proportion of households with characteristic</b> |   |                   |              |
| <b>Main source of household income</b>              |   |                   |              |
| Zero or negative income                             | % | 0.6               | 0.2          |
| Employee income                                     | % | 19.2              | 4.5          |
| Own unincorporated business income                  | % | 2.0               | 0.5          |
| Government pensions and allowances                  | % | 47.2              | 67.4         |
| Other income  | % | 31.3              | 27.6         |
| <b>Total</b>  | % | <b>100.0</b>      | <b>100.0</b> |

Source: ABS Survey of Income and Housing 2019–20. Full table for all age groups is included at Appendix A

We are left with the question: Do the behaviours of the aged pension-reliant households reflect the incentives in the tax-transfer system or the fact that they're older? The answer is almost certainly a mixture of both, but with the relative importance of the two effects unclear.

### Notwithstanding, impact of the Pandemic

The Pandemic saw an acceleration in the contribution to employment growth of the 65 years and over as total labour force growth was limited by lockdowns and the significant slump in net overseas immigration.

While there is no direct timely data on the age profile of overseas immigrants gaining employment in Australia, anecdotal evidence would suggest they are generally well under 65 years old. In addition, it is likely those leaving the Australian workforce to work and live overseas would also be generally well under 65 years of age.

A reduction in net overseas immigration would therefore be expected to principally adversely impact the workforce aged 65 years or less.

This impact on the age profile of the workforce along with the strong recovery in employment demand through 2021, particularly in Health Care, Construction and Real Estate, contributed also to employers seeking to move employees from part time, and probably largely casual, employment to full time, and likely permanent, employment.

These changes had some interesting impacts on employment of those aged 65 years and over through 2020/21 and 2021/22. Comparing 2021/22 to 2019/20:

- Total employment of 65 years and over rose 55,900 or 9.5 per cent. This growth rate was well over double the 4 per cent growth of employment of those aged under 65 years and represented 10 per cent of all age employment growth;
- Full time employment of those 65 years and over rose 29,400 or 11.3 per cent. This growth also well outpaced the growth of 4.5 per cent in full time employment of those under 65 years and contributed 7.1 per cent of the all-age growth in full time employment; and
- For those aged 65 years and over, Part Time employment lifted by 26,500 over the two years, or 6.3 per cent in 2020/21 and 1.7 per cent in 2021/22. Overall, this growth represented 19.8 per cent of total Part Time employment growth for all ages.
  - Part time employment of those aged under 65 years increased by around 107,300 or 2.9 per cent but all of this growth occurred in 2021/22.
  - Reflecting the issues facing employers as noted above regarding converting Part Time jobs to Full time jobs, Part Time employment for those under 65 years fell in 2021/22.

| Table 2: Employed Persons Aged 65 Years and Over by Full-time and Part-time Status and Industry Sector |                         |  |  |                         |  |  |                         |  |  |
|--|-------------------------|--|--|-------------------------|--|--|-------------------------|--|--|
|  | 2021/22                 |  |  | 2018/19                 |  |  | 2011/12                 |  |  |
|  | Employed persons ('000) | As share of all age employment in sector (%) | As share of 65 years and over total employment (%) | Employed persons ('000) | As share of all age employment in sector (%) | As share of 65 years and over total employment (%) | Employed persons ('000) | As share of all age employment in sector (%) | As share of 65 years and over total employment (%) |
| <b>Persons aged 65 years and over employed full-time</b>   |                         |  |  |                         |  |  |                         |  |  |
| Agriculture, Forestry and Fishing  | 33.6                    | 15.1   | 11.6   | 32.9                    | 13.5   | 12.7   | 28.1                    | 12.0   | 16.8   |
| Mining   | 4.8                     | 1.8  | 1.6  | 4.0                     | 1.7  | 1.6  | 1.8                     | 0.7  | 1.1  |
| Manufacturing  | 23.9                    | 3.3  | 8.2  | 22.8                    | 3.0  | 8.8  | 16.9                    | 2.1  | 10.1   |
| Electricity, Gas, Water and Waste Services   | 4.2                     | 3.0  | 1.4  | 2.5                     | 1.8  | 1.0  | 1.7                     | 1.2  | 1.0  |
| Construction   | 24.1                    | 2.5  | 8.3  | 19.3                    | 1.9  | 7.5  | 9.3                     | 1.1  | 5.5  |
| Wholesale Trade  | 10.4                    | 3.6  | 3.6  | 11.9                    | 3.7  | 4.6  | 9.0                     | 2.6  | 5.4  |
| Retail Trade   | 19.2                    | 3.0  | 6.6  | 17.2                    | 2.7  | 6.7  | 11.9                    | 1.9  | 7.1  |
| Accommodation and Food Services  | 8.4                     | 2.5  | 2.9  | 8.4                     | 2.3  | 3.2  | 5.4                     | 1.6  | 3.2  |
| Transport, Postal and Warehousing  | 21.7                    | 4.2  | 7.5  | 19.7                    | 3.8  | 7.6  | 15.4                    | 3.4  | 9.2  |
| Information Media and Telecommunications   | 3.0                     | 1.9  | 1.0  | 4.0                     | 2.4  | 1.5  | 1.5                     | 0.9  | 0.9  |
| Financial and Insurance Services   | 6.6                     | 1.5  | 2.3  | 6.9                     | 1.9  | 2.7  | 4.5                     | 1.3  | 2.7  |
| Rental, Hiring and Real Estate Services  | 10.5                    | 5.9  | 3.6  | 6.8                     | 4.2  | 2.6  | 4.2                     | 2.7  | 2.5  |
| Professional, Scientific and Technical Services  | 24.8                    | 2.5  | 8.5  | 21.7                    | 2.5  | 8.4  | 13.2                    | 1.9  | 7.9  |
| Administrative and Support Services  | 7.4                     | 2.9  | 2.6  | 6.0                     | 2.4  | 2.3  | 5.4                     | 2.3  | 3.2  |
| Public Administration and Safety   | 19.3                    | 2.5  | 6.7  | 18.1                    | 2.6  | 7.0  | 9.6                     | 1.6  | 5.7  |
| Education and Training   | 20.8                    | 3.0  | 7.1  | 14.6                    | 2.3  | 5.6  | 8.1                     | 1.6  | 4.9  |
| Health Care and Social Assistance  | 33.6                    | 3.0  | 11.6   | 28.0                    | 3.0  | 10.8   | 14.8                    | 1.9  | 8.8  |
| Arts and Recreation Services   | 3.8                     | 3.1  | 1.3  | 3.1                     | 2.4  | 1.2  | 1.8                     | 1.5  | 1.1  |
| Other Services   | 10.5                    | 2.9  | 3.6  | 10.3                    | 3.0  | 4.0  | 5.1                     | 1.6  | 3.1  |
| <b>Total employed full-time</b>  | <b>290.6</b>            | <b>3.2</b>                                   | <b>100.0</b>                                       | <b>257.9</b>            | <b>3.0</b>                                   | <b>100.0</b>                                       | <b>167.5</b>            | <b>2.1</b>                                   | <b>100.0</b>                                       |
| <b>Persons aged 65 years and over employed part-time</b>   |                         |  |  |                         |  |  |                         |  |  |
| Agriculture, Forestry and Fishing  | 30.1                    | 37.2   | 8.5  | 32.7                    | 36.0   | 10.4   | 21.8                    | 25.3   | 11.4   |
| Mining   | 0.8                     | 6.8  | 0.2  | 0.4                     | 4.6  | 0.1  | 0.8                     | 9.0  | 0.4  |
| Manufacturing  | 18.3                    | 12.2   | 5.2  | 12.9                    | 9.3  | 4.1  | 9.8                     | 7.3  | 5.1  |
| Electricity, Gas, Water and Waste Services   | 2.7                     | 18.5   | 0.8  | 1.5                     | 8.9  | 0.5  | 1.1                     | 8.3  | 0.6  |
| Construction   | 22.5                    | 13.3   | 6.4  | 16.7                    | 9.7  | 5.3  | 11.1                    | 7.4  | 5.8  |
| Wholesale Trade  | 9.4                     | 14.7   | 2.7  | 5.9                     | 8.6  | 1.9  | 5.9                     | 8.8  | 3.1  |
| Retail Trade   | 31.9                    | 5.1  | 9.0  | 25.3                    | 3.9  | 8.1  | 18.7                    | 3.3  | 9.8  |
| Accommodation and Food Services  | 12.6                    | 2.4  | 3.6  | 14.7                    | 2.7  | 4.7  | 6.0                     | 1.4  | 3.2  |
| Transport, Postal and Warehousing  | 19.8                    | 13.3   | 5.6  | 20.3                    | 14.2   | 6.5  | 10.7                    | 10.3   | 5.6  |
| Information Media and Telecommunications   | 4.3                     | 10.5   | 1.2  | 2.7                     | 5.5  | 0.8  | 3.0                     | 6.9  | 1.6  |
| Financial and Insurance Services   | 12.3                    | 13.4   | 3.5  | 6.6                     | 8.9  | 2.1  | 3.9                     | 5.3  | 2.0  |
| Rental, Hiring and Real Estate Services  | 12.9                    | 23.7   | 3.7  | 10.5                    | 21.0   | 3.4  | 5.5                     | 10.3   | 2.9  |
| Professional, Scientific and Technical Services  | 40.3                    | 15.1   | 11.4   | 32.0                    | 12.7   | 10.2   | 16.9                    | 8.6  | 8.9  |
| Administrative and Support Services  | 15.0                    | 8.9  | 4.2  | 13.1                    | 7.2  | 4.2  | 13.3                    | 8.4  | 7.0  |
| Public Administration and Safety   | 12.9                    | 8.9  | 3.7  | 13.7                    | 9.1  | 4.4  | 7.1                     | 6.0  | 3.7  |
| Education and Training   | 30.2                    | 7.0  | 8.6  | 31.9                    | 7.8  | 10.2   | 16.8                    | 5.0  | 8.8  |
| Health Care and Social Assistance  | 52.4                    | 6.2  | 14.8   | 49.2                    | 6.6  | 15.7   | 24.4                    | 4.3  | 12.8   |
| Arts and Recreation Services   | 7.5                     | 7.4  | 2.1  | 8.7                     | 7.3  | 2.8  | 5.4                     | 6.0  | 2.9  |
| Other Services   | 17.1                    | 9.8  | 4.9  | 14.2                    | 8.7  | 4.5  | 8.6                     | 6.3  | 4.5  |
| <b>Total employed part-time</b>  | <b>353.3</b>            | <b>8.5</b>                                   | <b>100.0</b>                                       | <b>313.1</b>            | <b>7.8</b>                                   | <b>100.0</b>                                       | <b>190.9</b>            | <b>5.7</b>                                   | <b>100.0</b>                                       |

Source: ABS, Labour Force, Australia, Detailed, Table EQ12 - Employed persons by Age and Industry division of main job (ANZSIC), November 1984 onwards (Pivot Table): [www.abs.gov.au](http://www.abs.gov.au)

## Industry Sector Impacts

The performance of employment for the different age groups as overseas immigration stopped in 2020 is shown very clearly in Agriculture for which there has been substantial anecdotal and other evidence of the difficulties faced by employers as the backpackers returned home overseas.

In 2019/20, the employment of 15 to 64 year olds peaked at 271,400. In 2020/21 it fell 11,700 with a further fall of 20,800 in 2021/22 to 238,900, the lowest since this type of age related data has been recorded.

Employment of 65 and overs rose 15,300 in 2020/21 although it fell back in 2021/22 to around the levels of 2019/20 and 2018/19.

The workforce 65 years and over therefore showed that when the opportunities are available, it can respond quite quickly. This might hold lessons for:

- Changes in Aged Pension Income test policy affecting the dis-incentive to work;
- Attitudes of employers about employing those 65 years and older; and
- Reskilling and training policies of governments and employers.

How was this employment growth for 65 years and over distributed across industry sectors?



In summary, as shown in Table 2, the growth was widely distributed from 2011/12 to 2018/19, i.e. prior to the COVID – 19 impacts on immigration.

For Full Time employment, all sectors showed an increase in the share of total employment held by those 65 years and over. The largest absolute gains were in Healthcare and Social Assistance (13,200); Construction (10,000); Professional, Scientific and Technical Services (8,500); Public Administration and Safety (8,500); Education and Training (6,500); and Retail Trade (5,300).

For Part Time employment all but four sectors showed an increase. The largest absolute gains were in Healthcare and Social Assistance (24,800); Professional, Scientific and Technical Services (15,100); Education and Training (15,100); Agriculture, Forestry and Fishing (10,900); and Public Administration and Safety (6,600); and Retail Trade (6,600).

For the post COVID – 19 lockdown years, i.e. 2020/21 and 2021/22, the overall increase in employment shares for those 65 years and over continued compared with 2018/19.

For Full Time workers 65 years and over, 12 of the 19 sectors showed an increase in share. Between 2018/19 and 2021/22 employment lifted by 32,700, or 12.7 per cent. The largest absolute gains were in Education and Training (6,200); Healthcare and Social Assistance (5,600); Construction (4,800); Rental, Hiring and Real Estate (3,700); and Professional, Scientific and Technical Services (3,100).

For Part Time workers, in 13 out of the 19 sectors 65 years and older workers increased their share. Total employment of these workers increased by 40,200 or 12.8 per cent between 2018/19 and 2021/22.

The biggest gains by number were in:

- Professional, Scientific and Technical Services by 8,300, to 15.1 per cent of all ages part time employment;
- Retail Trade by 6,600;
- Construction by 5,800, to 13.3 per cent of all ages part time employment;
- Financial and Insurance Services by 5,800, to 13.4 per cent of all ages part time employment; and
- Manufacturing by 5,400, to 12.2 per cent of all ages part time employment;

As noted above, these increases in the share of total employment in most industry sectors and overall were occurring prior to the COVID-19 pandemic induced cut in overseas immigration in 2020 and 2021 and the consequent impacts on workforce growth and age composition.

The increase in employment shares can therefore be seen as due to other underlying factors which we aim to consider in more detail in our next Issues Paper on this topic.

What does stand-out is the low level and lack of growth in 65 years and over employment in both numbers and employment share of Accommodation and Food Services since 2018/19 in both Full Time and Part Time employment. This is despite this sector anecdotally at least appearing to most affected by the shutdown in overseas immigration and reduced overseas student numbers.

This needs further examination as the labour shortages appear to now be substantially affecting this sector's business activity and survival in both city and regional economies. This is despite the pickup in overall consumer and business demand and tourism.

### **Average Hours Worked by Age Group and Industry Sector**

We have focused on the employment numbers and shares as indicating a broad lift in workforce participation by people 65 years and older over the last decade. There are also some interesting issues with differences in average hours worked by the major age groups which might indicate, along with the low work force participation by Age Pensioners, the possible adverse impact of the income test on their participation in the Part Time workforce.

The employment income received by Full time workers of Age Pension age would likely generally preclude most receiving any Age Pension. As noted above, a single Age Pensioner can now have employment income of up to \$643.85 per fortnight before Age Pension is cut back.

Per fortnight, each additional \$1 of income reduces the Age Pension by \$0.50 so \$2,053 per fortnight of additional income will reduce the Age Pension entitlement to \$0. In principle, a Single Age Pensioner could therefore earn up to \$2,696.85 per fortnight before all Age Pension entitlement is lost.

This is equivalent to 71 per cent of average Full Time Ordinary Time Earnings for Males and 84 per cent for females in May 2022 as calculated by the Australian Bureau of Statistics.

However, the relative cut off percentages are in practice likely to be lower. This is because included in the income test assessment will be other income and deemed income on financial assets including superannuation balances even if not in retirement income phase.

So, our view is that for most Full Time workers, there is not a decision about whether or not to work the marginal hours in order to receive some Age Pension that there is for Part Time workers.

Looking at Table 3, in 2021/22 for 12 of the 19 industry sectors Full Time workers that were 65 years and older on average reported work hours per week that were equal to or higher than for those under 65 years. On average, Full Time workers 65 years and older worked 40.3 hours per week, 1.3 hours higher than the average for Full Time workers under 65 years. This working of extra hours was also the case pre Pandemic.

In contrast, in 2021/22 in all sectors, Part Time workers that were 65 years and older on average reported less work hours per week than for those under 65 years. On average, Part Time workers 65 years and older worked 15.0 hours per week, 2.8 hours less than the average for Part Time workers under 65 years.

This working of less hours was also the case pre Pandemic. In 2018/19 the deficit was 3.6 hours (-20 per cent). In 2011/12 it was 2.7 hours (-15 per cent).

We have no data yet as to how many of the Full Time or Part Time workers were Age Pensioners or how many of each were working past Age Pension eligibility age (66 years for 2021/22). However, we suggest very few of the 290,600 Full Time Workers 65 years and over in 2021/22 would be receiving Age Pension.

On our estimate based on the AIHW report of some 92,000 of Age Pensioners reporting employment income as at March 2021, we believe most of these would be working Part Time. So, we estimate around 25 per cent of the 353,300 Part Time workers 65 years and older would be Age Pensioners of 66 years or older.

Assume that the 75 per cent of Part Time workers 65 years and over that were not Age Pensioners had a similar work ethic to their Full Time compatriots and worked hours similar to or greater than Part Time workers under 65 years. That would suggest the 25 per cent of these Part Time workers 65 years and older who are Age Pensioners therefore work substantially lower hours than those who aren't Age Pensioners in order to bring the average hours worked across this age group below the average for those under 65 years.

There may well be a large number of factors why there could be such a difference, e.g. health, financial situations, other priorities etc.

The disincentive of the Age Pension Income Test income would seem, however, to be a possible important influence.

Table 3: Average Hours Worked Per Week by Age Group, by Full-time and Part-time Status and Industry Sector

|   | 2021/22                   |                        |   | 2018/19                   |                        |   | 2011/12                   |                        |   |
|---|---------------------------|------------------------|---|---------------------------|------------------------|---|---------------------------|------------------------|---|
|   | 65 years and over (hours) | 15 to 64 years (hours) | 65 years and over as per cent of 15 to 64 years (%) | 65 years and over (hours) | 15 to 64 years (hours) | 65 years and over as per cent of 15 to 64 years (%) | 65 years and over (hours) | 15 to 64 years (hours) | 65 years and over as per cent of 15 to 64 years (%) |
| <b>Persons employed full-time</b>               |                           |                        |   |                           |                        |   |                           |                        |   |
| Agriculture, Forestry and Fishing               | 49.4                      | 47.6                   | 104   | 49.7                      | 48.0                   | 104   | 48.5                      | 50.9                   | 95  |
| Mining  | 42.7                      | 42.1                   | 101   | 44.4                      | 43.6                   | 102   | 53.5                      | 45.5                   | 118   |
| Manufacturing                                   | 40.6                      | 39.4                   | 103   | 40.3                      | 40.1                   | 100   | 40.7                      | 41.0                   | 99  |
| Electricity, Gas, Water and Waste Services      | 42.7                      | 38.9                   | 110   | 41.9                      | 39.8                   | 105   | 30.4                      | 40.2                   | 76  |
| Construction                                    | 37.7                      | 39.7                   | 95  | 41.2                      | 41.6                   | 99  | 41.1                      | 41.7                   | 99  |
| Wholesale Trade                                 | 41.6                      | 39.7                   | 105   | 42.1                      | 40.8                   | 103   | 44.0                      | 41.3                   | 107   |
| Retail Trade                                    | 39.3                      | 38.7                   | 101   | 39.9                      | 39.9                   | 100   | 43.7                      | 41.1                   | 106   |
| Accommodation and Food Services                 | 46.0                      | 38.6                   | 119   | 51.3                      | 42.9                   | 120   | 48.4                      | 44.3                   | 109   |
| Transport, Postal and Warehousing               | 39.6                      | 39.8                   | 100   | 41.8                      | 41.4                   | 101   | 42.8                      | 42.4                   | 101   |
| Information Media and Telecommunications        | 35.3                      | 38.9                   | 91  | 39.1                      | 39.6                   | 99  | 40.9                      | 40.8                   | 100   |
| Financial and Insurance Services                | 37.4                      | 39.3                   | 95  | 43.1                      | 38.4                   | 112   | 43.4                      | 39.9                   | 109   |
| Rental, Hiring and Real Estate Services         | 38.2                      | 39.8                   | 96  | 40.3                      | 41.3                   | 98  | 45.4                      | 42.9                   | 106   |
| Professional, Scientific and Technical Services | 41.2                      | 40.1                   | 103   | 43.0                      | 41.0                   | 105   | 43.6                      | 42.0                   | 104   |
| Administrative and Support Services             | 41.7                      | 37.9                   | 110   | 41.0                      | 39.6                   | 103   | 41.4                      | 40.4                   | 102   |
| Public Administration and Safety                | 35.7                      | 36.2                   | 99  | 32.8                      | 36.6                   | 89  | 37.8                      | 37.2                   | 102   |
| Education and Training                          | 39.8                      | 39.2                   | 102   | 37.7                      | 40.2                   | 94  | 39.8                      | 40.7                   | 98  |
| Health Care and Social Assistance               | 36.2                      | 37.0                   | 98  | 36.6                      | 37.5                   | 98  | 39.5                      | 38.2                   | 104   |
| Arts and Recreation Services                    | 36.5                      | 38.2                   | 96  | 37.2                      | 40.2                   | 92  | 35.8                      | 40.4                   | 89  |
| Other Services                                  | 39.0                      | 38.7                   | 101   | 40.4                      | 40.8                   | 99  | 44.9                      | 41.7                   | 107   |
| <b>Total employed full-time</b>                 | <b>40.3</b>               | <b>39.0</b>            | <b>103</b>  | <b>41.4</b>               | <b>40.3</b>            | <b>103</b>  | <b>43.1</b>               | <b>41.2</b>            | <b>105</b>  |
| <b>Persons employed part-time</b>               |                           |                        |   |                           |                        |   |                           |                        |   |
| Agriculture, Forestry and Fishing               | 14.9                      | 16.8                   | 89  | 15.8                      | 16.5                   | 96  | 15.7                      | 16.5                   | 95  |
| Mining  | 17.7                      | 21.4                   | 82  | 13.2                      | 20.0                   | 66  | 18.4                      | 20.3                   | 91  |
| Manufacturing                                   | 14.9                      | 18.1                   | 82  | 14.5                      | 19.0                   | 76  | 17.2                      | 18.2                   | 94  |
| Electricity, Gas, Water and Waste Services      | 13.1                      | 21.6                   | 61  | 15.4                      | 20.8                   | 74  | 16.5                      | 20.0                   | 83  |
| Construction                                    | 13.7                      | 17.1                   | 80  | 13.2                      | 17.2                   | 77  | 15.1                      | 16.5                   | 91  |
| Wholesale Trade                                 | 18.5                      | 18.8                   | 99  | 16.5                      | 19.1                   | 86  | 16.2                      | 18.7                   | 87  |
| Retail Trade                                    | 15.2                      | 16.7                   | 91  | 15.3                      | 16.8                   | 91  | 14.2                      | 15.9                   | 89  |
| Accommodation and Food Services                 | 12.2                      | 14.8                   | 82  | 14.6                      | 15.5                   | 94  | 13.2                      | 15.4                   | 86  |
| Transport, Postal and Warehousing               | 15.3                      | 17.9                   | 85  | 15.3                      | 18.7                   | 82  | 16.5                      | 18.6                   | 89  |
| Information Media and Telecommunications        | 14.7                      | 17.6                   | 83  | 15.1                      | 19.4                   | 78  | 15.9                      | 17.4                   | 91  |
| Financial and Insurance Services                | 14.4                      | 20.8                   | 69  | 13.1                      | 20.2                   | 65  | 16.2                      | 19.1                   | 85  |
| Rental, Hiring and Real Estate Services         | 14.4                      | 18.9                   | 76  | 13.7                      | 18.5                   | 74  | 14.8                      | 16.9                   | 87  |
| Professional, Scientific and Technical Services | 15.6                      | 19.1                   | 82  | 13.1                      | 18.3                   | 71  | 14.4                      | 18.0                   | 80  |
| Administrative and Support Services             | 13.1                      | 16.3                   | 80  | 11.6                      | 17.5                   | 66  | 11.5                      | 16.4                   | 71  |
| Public Administration and Safety                | 16.5                      | 20.4                   | 81  | 13.8                      | 20.4                   | 68  | 12.9                      | 19.3                   | 67  |
| Education and Training                          | 14.7                      | 18.6                   | 79  | 14.6                      | 18.3                   | 80  | 13.8                      | 18.1                   | 76  |
| Health Care and Social Assistance               | 17.1                      | 19.6                   | 87  | 15.3                      | 20.0                   | 76  | 15.9                      | 19.2                   | 83  |
| Arts and Recreation Services                    | 12.0                      | 14.3                   | 84  | 11.8                      | 15.1                   | 78  | 10.5                      | 14.9                   | 70  |
| Other Services                                  | 13.2                      | 16.9                   | 78  | 14.8                      | 17.9                   | 83  | 12.3                      | 16.7                   | 74  |
| <b>Total employed part-time</b>                 | <b>15.0</b>               | <b>17.8</b>            | <b>85</b>   | <b>14.4</b>               | <b>18.0</b>            | <b>80</b>   | <b>14.6</b>               | <b>17.3</b>            | <b>84</b>   |

Source: ABS, Labour Force, Australia, Detailed, Table EQ12 - Employed persons by Age and Industry division of main job (ANZSIC), November 1984 onwards (Pivot Table): [www.abs.gov.au](http://www.abs.gov.au)

<sup>1</sup> Possible Impacts of Reducing the Disincentive for Age Pensioners to Increase Paid Employment

<sup>2</sup> Age Pension, Australian Institute of Health and Welfare (2021) AIHW, Australian Government (website)

<sup>3</sup> References to years are to the average employment or hours worked from the four quarterly data reported by the Australian Bureau of Statistics (ABS) online Catalogue EQ12 6291.0.55.001.

## Appendix A

### Comparison of source of income by all age groups

|   |   | 15-24        | 25-34        | 35-44        | 45-54        | 55-64        | 65 YEARS AND OVER |              | Total        | All households |
|---|---|--------------|--------------|--------------|--------------|--------------|-------------------|--------------|--------------|----------------|
|   |   |              |              |              |              |              | 65-74             | 75 and over  |              |                |
| ESTIMATES   |   |              |              |              |              |              |                   |              |              |                |
| <b>Proportion of households with characteristic</b> |   |              |              |              |              |              |                   |              |              |                |
| <b>Main source of household income</b>              |   |              |              |              |              |              |                   |              |              |                |
| Zero or negative income                             | % | #0.5         | 0.6          | 0.5          | 0.6          | 1.4          | 0.6               | #0.2         | 0.3          | 0.6            |
| Employee income                                     | % | 69.2         | 83.8         | 83.4         | 80.2         | 68.6         | 19.2              | 4.5          | 13.0         | 61.9           |
| Own unincorporated business income                  | % | #4.0         | 3.4          | 3.6          | 3.7          | 4.4          | 2.0               | #0.5         | 1.3          | 3.1            |
| Government pensions and allowances                  | % | 12.2         | 7.8          | 9.9          | 10.5         | 14.3         | 47.2              | 67.4         | 55.9         | 22.3           |
| Other income  | % | 15.3         | 4.2          | 2.8          | 4.6          | 11.4         | 31.3              | 27.6         | 29.7         | 12.1           |
| <b>Total</b>  | % | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b>      | <b>100.0</b> | <b>100.0</b> | <b>100.0</b>   |

Source: ABS Survey of Income and Housing 2019-20