



# **Australian Social Trends**

**2008**

## **Article: Labour force participation across Australia**

AUSTRALIAN BUREAU OF STATISTICS

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# Labour force participation across Australia

**The labour force participation rate of women aged between 55 and 64 years increased from 31% to 48% and for men increased from 61% to 68% between 1996 and 2006.**

Increasing the Australian working-age population, lifting labour force participation rates, and raising productivity have been identified by the Treasury department as critical in addressing the economic challenges posed by an ageing population.<sup>1</sup> While Australia's labour force participation rate is high by international standards, there are some groups, such as people aged 55 years and over, and women with young children, whose labour force participation is lower than in some other OECD countries (see *Australian Social Trends 2007*, Labour force participation – an international comparison, pp. 125–131). Much of the policy focus in recent years has been directed towards encouraging people in these groups to enter or remain in the labour force.<sup>1</sup>

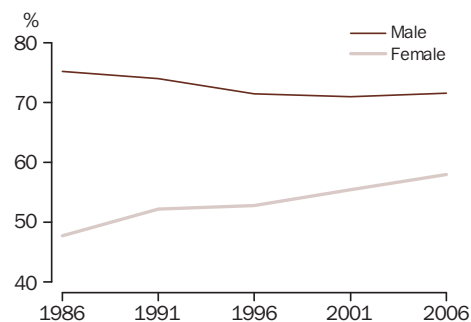
While there is an economic incentive to lift labour force participation rates, there is also an individual dimension. Labour force participation can lead to greater individual wellbeing in terms of financial security, self-esteem and social engagement.

The labour market opportunities associated with the current period of economic prosperity in Australia have not necessarily been equally distributed across all population groups or all regions of the country.

## Labour force participation continues to rise

Given the traditional model of the male breadwinner family, the labour force participation rate for men has historically

**Labour force participation rates(a) for men and women**



(a) For people aged 15 years and over.

Source: ABS 1986–2006 Censuses of Population and Housing.

## Data sources and definitions

Data presented in this article are mainly from the most recent Census of Population and Housing, conducted in August 2006. Data presented are based on place of usual residence.

Census labour force data presented in this article are different to August 2006 Labour Force Survey estimates due to a number of factors, including differences in collection methodology (see *Australian Labour Market Statistics, October 2007* (ABS cat. no. 6105.0)). However, these differences have minimal impact on the analysis in this article.

Census data, particularly data relating to Indigenous Australians in Very Remote areas, are affected by undercount (see *Census of Population and Housing – Details of Undercount* (ABS cat. no. 2940.0)). In 2006, the net undercount (i.e. people missed in the Census, minus those counted more than once) rate for the whole of Australia was estimated at around 2.7%. This may have an impact on data presented for Very Remote areas. In addition, around 5.7% of people did not report their Indigenous status on the Census form.

Despite these issues, census data are used in this article to allow for more detailed analysis of variations between smaller population groups and small geographic areas than is possible with Labour Force Survey data.

*Employed* people are those aged 15 years and over who worked for payment or profit, or as an unpaid helper in a family business, during the week prior to Census night, or had a job from which they were on leave or otherwise temporarily absent, or were on strike or stood down temporarily.

*Unemployed* people are those aged 15 years and over who were not employed during the week prior to Census night and had actively looked for work in the previous four weeks and were available to start work in the week prior to Census night.

The *labour force* consists of all people who are employed or unemployed. The *labour force participation rate* is the proportion of all people 15 years and over who are in the labour force.

People *employed part-time* are those who worked between 1 and 34 hours in the week prior to Census night.

been much higher than the rate for women. However, a range of cultural and economic shifts in recent decades has seen a dramatic increase in the proportion of women participating in the labour force.<sup>2</sup> According to Census data, between 1986 and 2006 the labour force participation rate among women aged 15 years and over in Australia increased from 48% to 58%.

The rate for men fell by around four percentage points between 1986 and 1996, before stabilising at around 72% in the ten years to 2006.

Much of the increase in women's labour force participation has been associated with part-time work. In 2006, 45% of employed women were working part-time, compared with 18% of employed men.

### ...by age and sex

The labour force participation rate of both men and women varies over the life course. For both sexes, participation in the labour force tends to be lower in the teenage years, before rising in the twenties as people complete educational qualifications and begin a career. The rate for men tends to stay quite high until they reach their sixties, when many men retire.

For women, the labour force participation rate tends to dip during the peak childbearing years between ages 25 and 44 years. Delayed childbearing and an increased propensity for women to combine work and family has seen this dip become later and less pronounced than in the past.

The decline in the participation rates of women in the older age groups occurs at a younger age than for men, reflecting the fact that women tend to retire earlier.

### ...by Remoteness Areas

Labour force participation can also be examined from a geographic perspective as economic and social circumstances may vary from cities to regional and remote areas.

In 2006, the labour force participation rate in Major Cities was 66%, slightly above the national average of 65%. The labour force participation rate was lower in Inner Regional (61%) and Outer Regional (64%) areas and

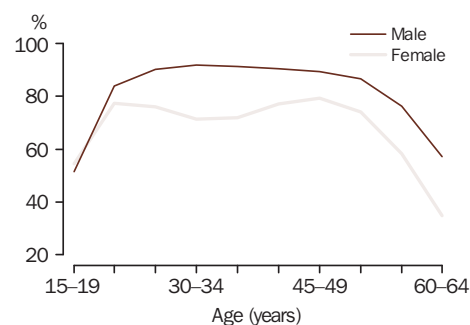
### Geographical classifications

*Remoteness Area (RA)* is a structure of the Australian Standard Geographical Classification (ASGC), covering the whole of Australia. It is intended to classify areas sharing common characteristics of remoteness into broad geographical regions (Remoteness Areas). The remoteness of a point is measured by its physical distance by road to the nearest urban centre. As remoteness is measured nationally, not all Remoteness Areas are represented in each state or territory. There are six RAs in the structure: Major Cities of Australia; Inner Regional Australia; Outer Regional Australia; Remote Australia; Very Remote Australia and Migratory Australia. The Remoteness Area names used in this article are abbreviated versions of these official terms, with 'Australia' omitted. For further information see *Statistical Geography Volume 1 – Australian Standard Geographical Classification (ASGC), 2006* (ABS cat. no. 1216.0).

higher in Remote (70%) and Very Remote (68%) areas. In part these differences reflect the different age structures across Remoteness Areas. In particular, since the labour force participation rate is based on the entire population aged 15 years and over, areas that have a relatively high proportion of people aged 65 years and over, many of whom are retired, will tend to have lower rates of labour force participation than will areas with a relatively small share of their population aged 65 years and over (see *Australian Social Trends 2008*, Population distribution, pp. 9–12).

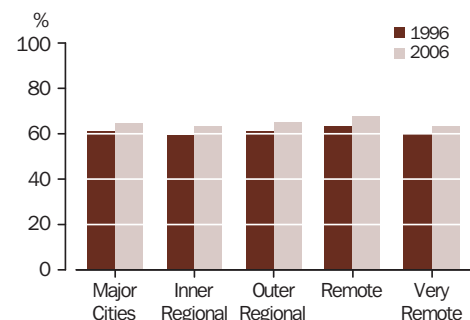
After adjusting for age differences, the labour force participation rates between the different areas converge, indicating that to a large extent differences in observed rates of labour force participation between Remoteness Areas are explained by differences in the age structure of their populations.

**Labour force participation rates of men and women by age — 2006**



Source: ABS 2006 Census of Population and Housing.

**Labour force participation rates(a) by Remoteness Areas**



(a) Rates have been age standardised and are for people aged 15 years and over.

Source: ABS 2006 Census of Population and Housing.

## Labour force status of selected population groups(a)

	1996			2006		
	Participation rate	Employed part-time(b)(c)	Unemployment rate	Participation rate	Employed part-time(b)(c)	Unemployment rate
	%	%	%	%	%	%
People aged 55–64 years						
Males	61.2	17.8	10.4	67.9	19.6	4.4
Females	30.9	47.6	6.0	48.1	48.0	3.3
Females with children (0–14 years)						
Couple families	61.4	57.0	6.2	65.6	58.9	4.1
Lone parents	50.2	56.8	17.3	59.0	59.5	13.7
Indigenous	52.7	37.1	22.7	54.5	39.1	15.6
Australia						
Males	71.4	15.1	9.9	71.5	17.6	5.2
Females	52.8	43.0	8.3	58.0	45.1	5.3
<b>Total</b>	<b>61.9</b>	<b>27.4</b>	<b>9.2</b>	<b>64.6</b>	<b>30.3</b>	<b>5.2</b>

(a) Unless otherwise stated, data refer to people aged 15 years and over.

(b) Worked between 1 and 34 hours in the week prior to Census night.

(c) Proportion of all employed people, including those who worked 0 hours in the week prior to Census night.

Source: ABS 1996 and 2006 Censuses of Population and Housing.

The age-standardised labour force participation rates for Inner Regional (63%) and Outer Regional (65%) areas increased slightly from the unadjusted rates, reflecting the older age profile of these areas. By contrast, the age-standardised labour force participation rates for Remote (68%) and Very Remote (63%) areas were lower than the corresponding unadjusted rates, reflecting their younger age profiles. The age-standardised rate for Major Cities (65%) was also slightly lower than the unadjusted rate.

Between 1996 and 2006, the age-standardised labour force participation rate increased by a similar magnitude across all Remoteness Areas. Overall, the age-standardised labour force participation rate increased by four percentage points in each Remoteness Area, with rates increasing by one to two percentage points for men, and by six to eight percentage points for women.

### Participation across particular groups

Strong economic growth between 1996 and 2006 saw a considerable increase in the labour force participation rate and a marked decline in Australia's unemployment rate. These trends were widespread and benefited a broad cross-section of groups, including men and women aged 55–64 years, women with young children and Indigenous people.

### ...people aged 55–64 years

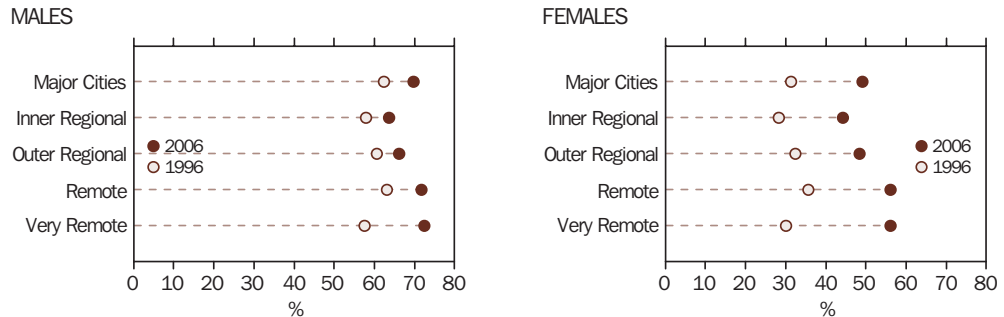
The labour force participation rate of people aged 55–64 years has traditionally been lower than for younger age groups as many people retire from the labour force around this age. A number of policy initiatives have been introduced in recent years, such as the Mature Age Workers Tax Offset in 2004, to encourage older workers to delay retirement.<sup>3</sup>

According to Census data, between 1996 and 2006 there was a rise in the labour force participation rate of both men and women aged 55–64 years. While the participation rate for women overall rose in the ten years to 2006 (from 53% to 58%), the increase in the participation rate for women aged 55–64 years was considerably larger (up 17 percentage points, from 31% to 48%). The participation rate among men aged 55–64 years rose seven percentage points to 68% between 1996 and 2006, while the overall rate for males remained steady at around 72%.

Although the increase in the participation rate of women has been much more pronounced than for men, almost half (48%) of women aged 55–64 years who were employed in 2006 were working part-time, compared with one in five (20%) employed men of this age.

The large increase in labour force participation among women aged 55–64 years was evident across all Remoteness Areas, but particularly in Very Remote areas (up from 30% in 1996 to 56% in 2006). The increases

## Labour force participation rates of men and women aged 55–64 years by Remoteness Areas



Source: ABS 1996 and 2006 Censuses of Population and Housing.

for men aged 55–64 years over this period were relatively modest across most areas, with the exception of Very Remote areas where the participation rate rose by 15 percentage points to 73% in 2006.

For this age group, the rise in labour force participation rates was coupled with a considerable fall in the unemployment rate for both men and women.

### ...women with young children

Women with young children have also been identified as a key focus of policies aimed at lifting labour force participation in recent years.<sup>4</sup> The Child Care Tax Rebate, for example, first introduced in 2004–05, aimed to encourage the labour force participation of mothers with young children by increasing the affordability of child care.

According to Census data, between 1996 and 2006 the participation rate of mothers with children aged 0–14 years rose from 59% to 64%. The rise was particularly pronounced among lone mothers (up from 50% to 59%).

In 2006, employed mothers with children aged 0–14 years were much more likely to be working part-time (59% of both employed lone mothers and employed mothers in couple families) than were employed women overall (45%).

The labour force participation rates of mothers also varied according to the age of their youngest child. In 2006, the participation rate among mothers with children aged 0–4 years was lower (52%) than those whose youngest child was aged 5–9 years (71%) and 10–14 years (77%).

Mothers in Major Cities were slightly more likely than those elsewhere to be in the labour force when their youngest child was aged 0–4 years (53% compared with 51%). However, mothers in Major Cities whose

youngest child was aged 5–14 years were less likely to be in the labour force than were their counterparts in Inner Regional, Outer Regional or Remote areas (73% in Major Cities compared with 76% in each of the other areas).

### ...Aboriginal and Torres Strait Islander peoples

Indigenous Australians benefited to some extent from the economic prosperity of the period from 1996 to 2006, with a slight rise in the labour force participation rate (from 53% to 55%) and a considerable fall in the unemployment rate (from 23% to 16%).

The Indigenous labour force participation and employment figures from the 2006 Census include people participating in the Community Development Employment Projects (CDEP) scheme. The CDEP scheme enables members of Indigenous communities, particularly in Remote and Very Remote areas, to exchange unemployment benefits for opportunities to undertake paid work and training in activities managed by a local Indigenous community organisation.

As the age profile of the Indigenous population is much younger than that of the non-Indigenous population, a comparison of specific age groups is more informative than a comparison of the standard labour force participation rate for all people aged 15 years and over.

In the 2006 Census, the participation rate of Indigenous people aged 25–44 years was 62% compared with 83% for the non-Indigenous population of the same age. For those aged 15–24 years, the rates for Indigenous and non-Indigenous people were 51% and 67%, respectively. Among all people aged 15–64 years, the difference in labour force participation was around 19 percentage points (57% for Indigenous compared with 76% for non-Indigenous Australians).

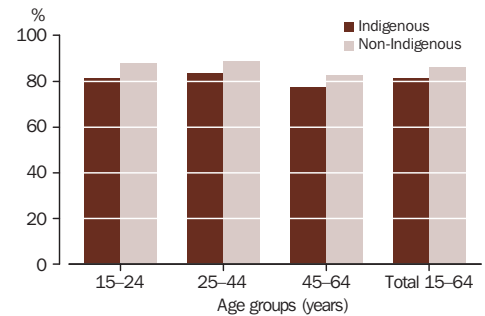
Higher levels of education or qualifications, in terms of both years of schooling completed and non-school qualifications, are generally associated with increased employment opportunities. Although the proportion of Indigenous Australians aged 15 years and over with non-school qualifications doubled from 12% to 24% over the decade to 2006, it remained low compared with the non-Indigenous population (46% in 2006).

When looking just at those people with non-school qualifications, the Indigenous labour force participation rate is roughly comparable with that of non-Indigenous Australians. In 2006, the participation rate of Indigenous Australians aged 15–64 years with non-school qualifications was 81%, compared with 86% for non-Indigenous people.

### Looking ahead

Labour force participation increased among the groups discussed in this article over the decade to 2006. There is still potential for participation rates to increase further. Such increases could occur in response to increased demand for labour and be facilitated by flexibility in working arrangements, allowing people to better balance work and other activities, especially caring (see *Australian Social Trends 2008*, Barriers to work, pp. 125–129). Opportunities to maintain a highly skilled and adaptive workforce through ongoing education and training will also help shape the characteristics of the Australian labour force into the future (see *Australian Social Trends 2008*, Adult learning, pp. 104–108).

### Labour force participation rate of people with non-school qualifications by Indigenous status and age — 2006



Source: ABS 2006 Census of Population and Housing.

### Endnotes

- 1 The Treasury 2007, *Intergenerational Report – 2007*, viewed 7 April, 2008, <[http://www.treasury.gov.au/documents/1239/PDF/IGR\\_2007\\_final\\_report.pdf](http://www.treasury.gov.au/documents/1239/PDF/IGR_2007_final_report.pdf)>.
- 2 Australian Bureau of Statistics 2005, *Australian Labour Market Statistics, January 2005*, cat. no. 6105.0, ABS, Canberra.
- 3 Australian Taxation Office 2008, *Mature age worker tax offset – overview*, viewed 15 April, 2008, <<http://www.ato.gov.au/individuals/content.asp?doc=/content/56588.htm>>.
- 4 Abhayaratna, J and Lattimore, R 2006, *Workforce Participation Rates – How Does Australia Compare?*, Productivity Commission working paper, viewed 25 February 2008, <[http://www.pc.gov.au/\\_data/assets/pdf\\_file/0008/60479/workforceparticipation.pdf](http://www.pc.gov.au/_data/assets/pdf_file/0008/60479/workforceparticipation.pdf)>.

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