



National Centre for Longitudinal Data

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Productive engagement and welfare receipt: a life course profile in Australia

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With the ageing Australian population resulting in higher welfare costs, higher health expenditure and a smaller tax base it is increasingly important to promote economic participation and reduce welfare reliance. This is the essence of the current Government welfare reform agenda.

This research aims to inform policy intervention by providing a life course profile of the productive engagement (including economic participation) and welfare receipt of Australians using the nationally representative Household, Income and Labour Dynamics in Australia (HILDA) Survey (Release 13.0).

There are different ways of defining productive engagement.ⁱ Employment is, of course, a significant component, as it not only generates income for individuals and families but also contributes to tax revenue and reduces demand for welfare. Studying (attending school or any course of study) is also defined as productive engagement, as it helps accumulate human capital — a key determinant of earnings and productivity. Volunteer/charity work and caring activities (caring for elderly or disabled household members), although not directly generating income, bring valuable social and economic benefitsⁱⁱ, so are also commonly regarded as aspects of productive engagement. Other activities such as childcare and domestic work are arguably productive but difficult to measure, and thus are not considered in the current researchⁱⁱⁱ.

To average out cohort and time differences and get a better estimate of the age profile, we have pooled the sample in the first 13 waves of the HILDA Survey (2001–2013). This also greatly increases the sample size, especially useful for the analysis of smaller groups of interest (e.g. young people with disability). Nonetheless, for some specific groups at certain ages the sample size is relatively small, and thus the results of the analysis may be less reliable. Table 1 lists selected characteristics of the sample.

Table 1: Characteristics of the pooled sample

Age groups	No. of obs. (person-wave)	Female (%)	Indigenous (%)	Migrant (%)	Disability (%)	Single (%)	Remote/very remote area (%)
15–19	18,633	50.2	5.0	6.4	12.2	93.5	2.0
20–24	17,822	50.4	4.5	10.1	13.2	64.8	1.8
25–29	16,198	50.8	3.3	15.7	13.4	37.0	1.9
30–34	16,086	51.8	2.6	18.6	15.4	25.0	2.3
35–39	17,373	52.0	2.3	20.4	17.0	22.3	2.1
40–44	18,372	52.0	2.3	21.9	20.0	23.5	2.2
45–49	17,963	51.2	1.9	23.5	24.2	24.8	1.9
50–54	16,094	51.4	1.6	25.0	29.3	25.4	2.1
55–59	13,880	51.6	1.3	26.6	36.5	25.6	2.4
60–64	11,709	50.8	1.1	28.8	43.3	25.8	2.2
65–69	9,563	51.5	1.1	29.9	46.3	28.3	1.9
70–74	7,688	52.7	1.0	30.8	51.9	32.3	1.8
75–79	6,179	54.8	0.7	27.8	59.4	41.7	1.7
80–84	4,249	58.7	0.4	25.3	68.1	54.4	1.3
85+	2,637	65.9	0.2	21.5	76.5	74.8	1.5
Total	247,826	51.2	2.4	16.1	26.9	38.1	2.1

Source: HILDA Release 13.0 (2001–2013). The actual number of observations varies with characteristics due to missing values in the survey. The statistics in this table are not weighted. Disability is defined as having any long-term health condition, impairment or disability (such as hearing and speech problems) that restricts everyday activities, and has lasted or is likely to last, for six months or more.

The proportion of HILDA respondents studying, working, volunteering and caregiving

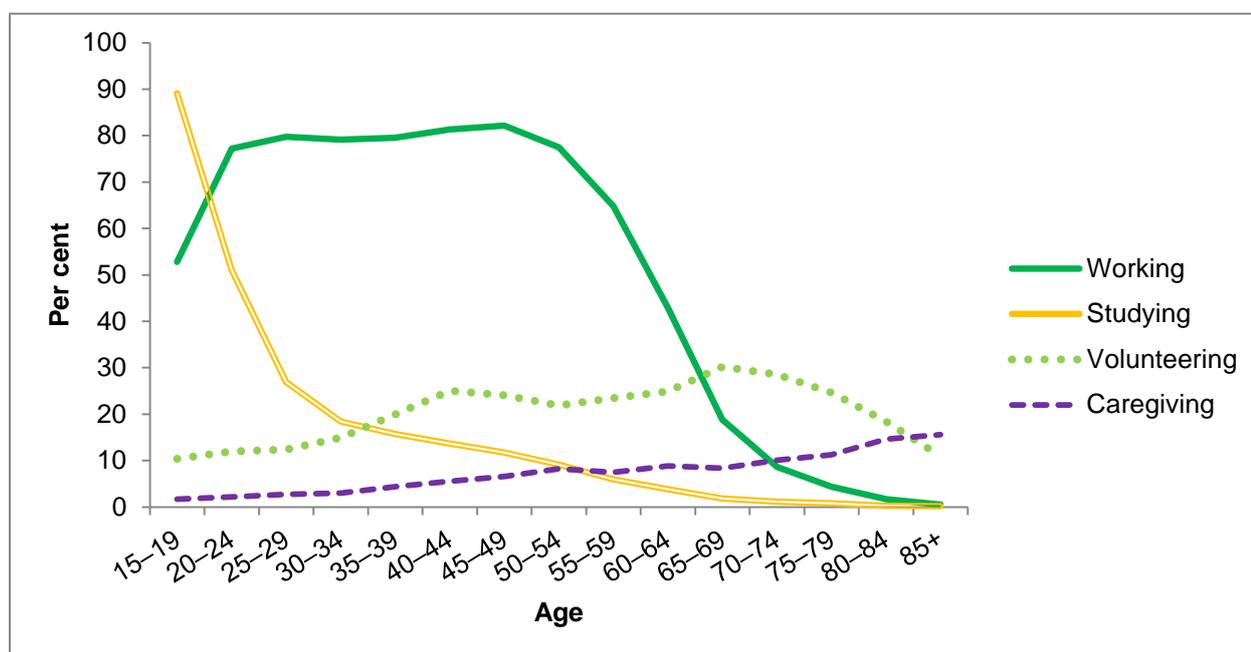
Figure 1 shows the proportion of HILDA respondents studying, working, volunteering and caregiving by five-year age groups. Note that population weights are applied in Figure 1 and the subsequent analyses, so the average rate of (non-)engagement of an age group in the sample can be interpreted as the estimated likelihood of (non-)engagement of all Australians in the same age group.

The estimated likelihood of employment is 52.8 per cent at 15–19 years of age, sharply increasing to 77.5 per cent at 20–24 and staying around 80 per cent until it drops abruptly to 64.9 per cent at 55–59. It then drops again to 42.9 per cent at 60–64, to 18.9 per cent at 65–69, to 8.6 per cent at 70–74, and further to 4.4 per cent at 75–79. As expected, the employment rate is very low after age 80 (less than 2 per cent).

The estimated likelihood of studying is 89 per cent at 15–19 years of age, and then decreases sharply to 51.0 per cent at 20–24 and to 26.9 per cent at 25–29. From this point onwards, the likelihood continues to decrease from 18.4 per cent at 30–34 to less than 2 per cent at 65–69 or older.

By contrast, the likelihood of caregiving increases with age, rising from less than 2 per cent at 15–19 year of age to over 15 per cent at 85+. Volunteering also tends to be more prevalent at older ages, reaching a peak (about 30 per cent) at 65–69 before gradually declining to 10.9 per cent at 85+.

Figure 1: Productive engagement over the life course



Non-engagement in productive activities and welfare receipt

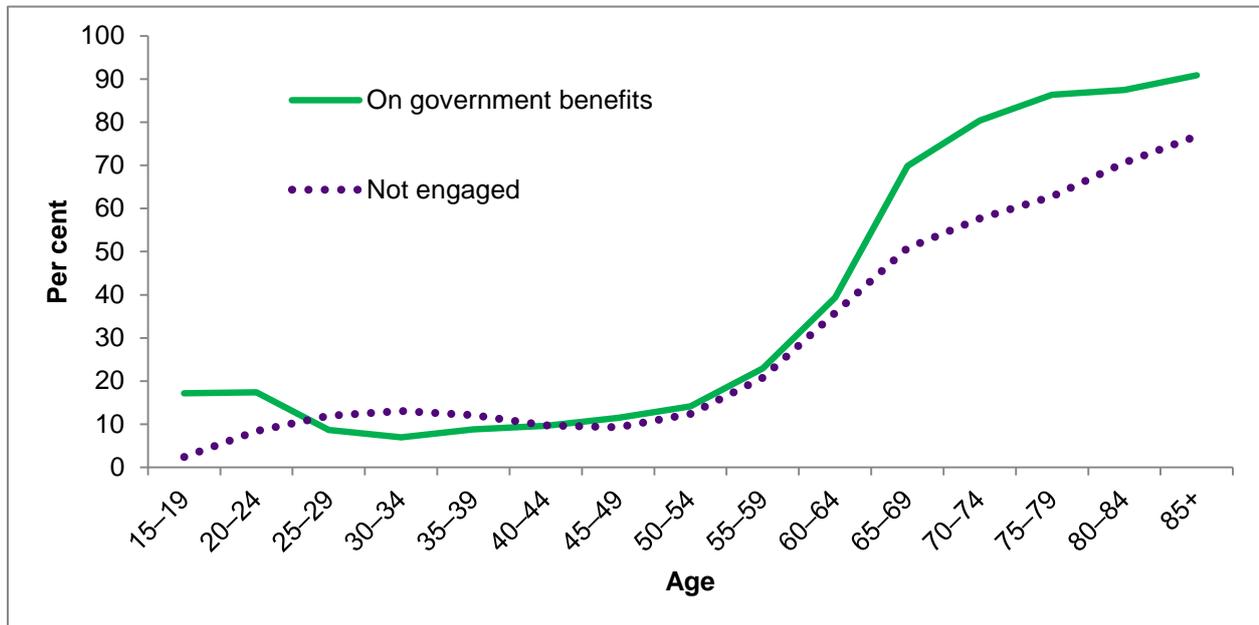
Figure 2 provides an alternative measure of productive engagement — the proportion of people **not** actively engaged in any of these activities (sample mean is 19.4 per cent) — over the life course. This proportion is mostly around 10 per cent at ages up to 50–54, except for the 15–24 age group (2.4 per cent) where most young people are studying. The proportion increases sharply after ages 55–59 (20.8 per cent), rising to 76.8 per cent at age 85+.

For brevity, this research summary identifies all people who are not working/studying/volunteering/caregiving as ‘not engaged’. However, it should be noted that some of these people may be engaged in productive activities that are not covered in this research (e.g. caring for children).

Figure 2 also plots the rate of welfare receipt (sample mean = 24.9 per cent) over the life course. Welfare receipt, in this research, is defined as receiving any income support benefit from the Government, including pensions (e.g. Disability Support Pension) and allowances (e.g. Newstart Allowance). It shows a similar, but usually slightly higher, trajectory than the rate of non-engagement. Note that in the 15–24 age group the rate of welfare receipt is markedly higher than the rate of non-engagement, probably because some students are receiving Youth Allowance while studying. This is also true for seniors aged 65–69 or older, most of whom are eligible for the Age Pension, with many of them still engaging in productive activities (e.g. volunteering and

caregiving). By contrast, in the 25–44 age group the rate of non-engagement is generally higher than that of welfare receipt. This is almost wholly driven by women (for males the rate of welfare receipt is always higher than that of non-engagement throughout the life course). For women aged 25–44 non-engagement is likely to be due to having and raising children (generally a matter of choice). In this case, non-engagement does not necessarily imply economic disadvantage, and thus does not necessarily lead to welfare receipt.

Figure 2: Rates of non-engagement and welfare receipt across the life course



Long-term health conditions or disability and productive engagement

Health is likely to be a significant influencing factor for both productive engagement and welfare receipt. Figure 3 contrasts people with long-term health conditions or disability (both defined as disability for brevity) with the general population. While people with disability are more likely to be not engaged and on income support than others of the same age, this difference diminishes at older ages and disappears after age 85. Within the group of people with disability, the rate of non-engagement is always lower than the rate of welfare receipt.

Figure 3: Non-engagement and welfare receipt, people with disability vs. general population

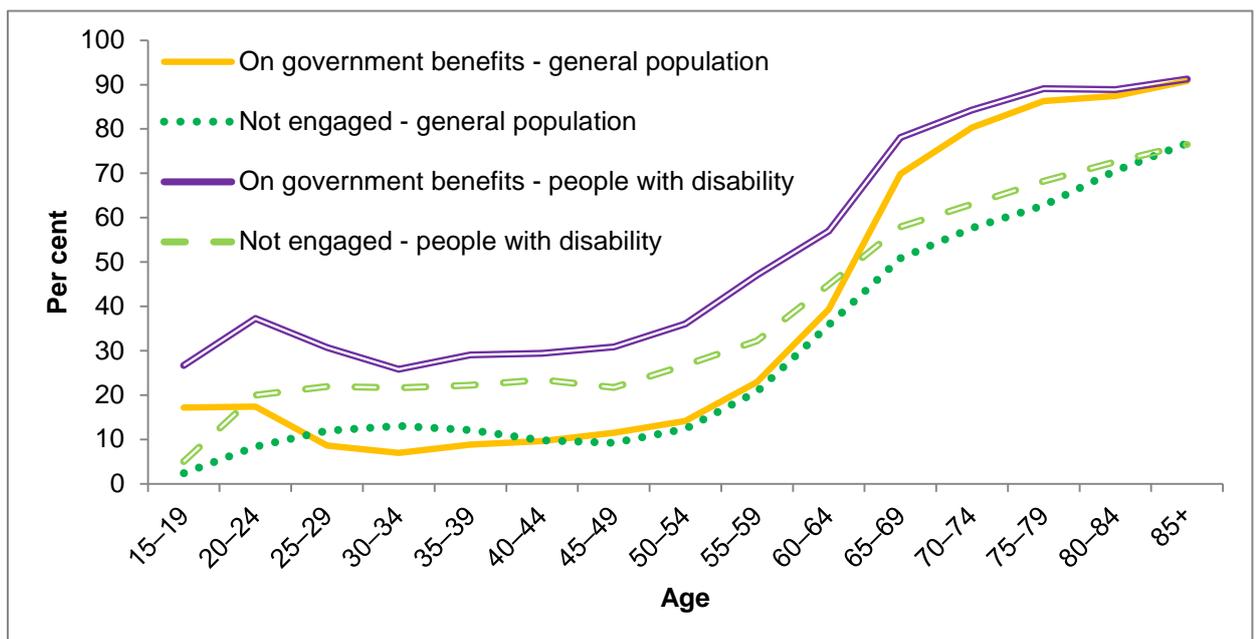
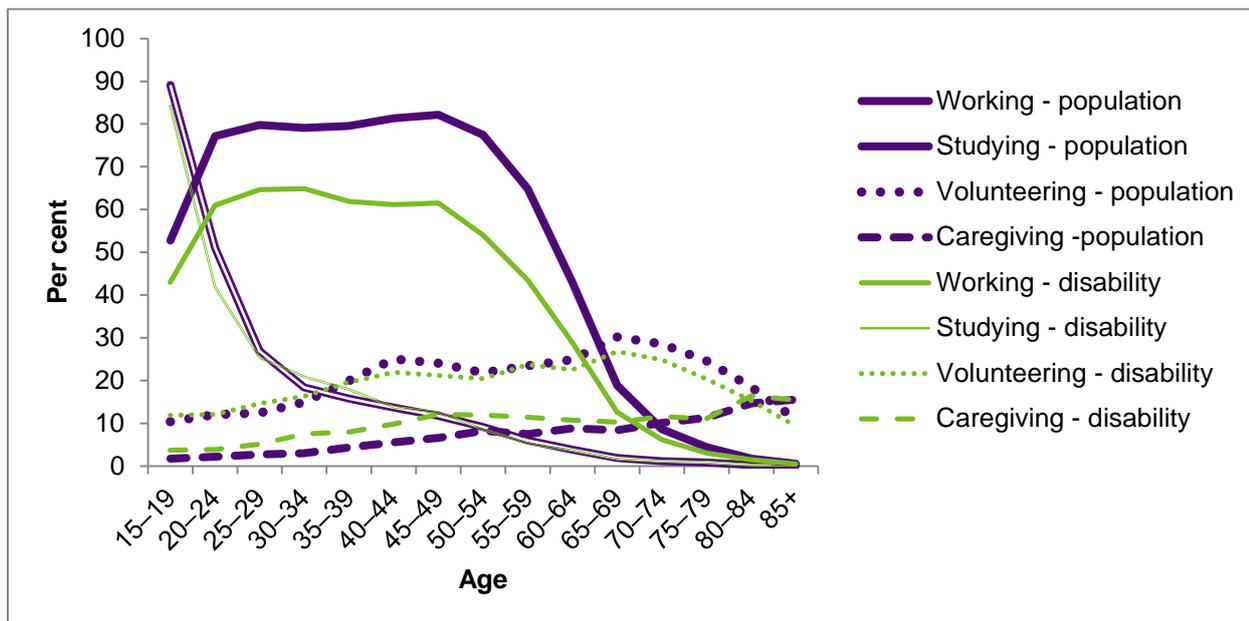


Figure 4 further reveals that the differences in productive engagement between people with disability and the general population mainly result from the fact that people with disability have much lower rates of employment than the general population, especially during the prime working ages. The differences between people with disability and the general population for studying, volunteering and caregiving are fairly small. In fact, people with disability have higher rates of caregiving over most of the life course.

Figure 4: Productive engagement over the life course, people with disability vs. general population



Preliminary multivariate analysis shows that, on average, rates of both non-engagement and welfare receipt are higher among females, Indigenous Australians, migrants (especially those from non-English speaking countries), people with a disability, single people, and people living in regional areas.

Overall, the research highlights the potential for more productive engagement among people aged 55 and over, whose rates of non-engagement are currently substantially higher than among younger groups.

ⁱ Morrow-Howell N & Wang Y 2013, Productive engagement of older adults: elements of a cross-cultural research agenda, *Ageing International*, vol. 38, no. 2, pp.159–70.

ⁱⁱ NSA (National Seniors Australia 2009, *Still Putting In: Measuring the Economic and Social Contributions of Older Australians*, Research Report, National Seniors Australia Productive Ageing Centre, Department of Health and Ageing, Canberra) estimated the monetary value of unpaid volunteering, childcare and caregiving work by older Australians to be approximately \$6.8 billion a year (cited in Loh & Kendig 2013, Productive engagement across the life course: paid work and beyond, *Australian Journal of Social Issues*, vol. 48, no. 1, pp.111–37).

ⁱⁱⁱ Loh & Kendig (2013) considered childcare and domestic work (based on the Self-Complete Questionnaire of the HILDA Survey wave 10), but not study.