



Submission to the Treasury

Employment Whitepaper

Prepared by
COTA Australia

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About COTA Australia

COTA Australia is the national consumer peak body representing older people. It advocates within government, business, and society maintaining effective relationships, and is respected as a legitimate, influential voice. COTA Australia promotes integrity, diversity, promoting equality, and prioritises collaborative engagement.

Speaking for the nearly nine million Australians over 50 years old COTA Australia prioritises economic, social, and political participation of older Australians and challenging ageism. The diversity of older Australians gives COTA Australia a broad policy agenda, currently we are prioritising policies about retirement incomes, aged care, housing, elder abuse, older workers, digital inclusion, health, and social isolation.

With a membership including State and Territory Councils on the Ageing, COTA Australia has been identifying the needs of, issues affecting, and welfare of older Australians since it was first formed in 1951. The COTA Federation has over 45,000 individual members and supporters and works with a network of seniors' organisations, which jointly engage the diversity of millions of older Australians.

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Introduction

COTA Australia welcomes the broad discussion emerging in Australia about an inclusive approach to Full Employment. Addressing structural inequalities and ensuring every Australian can contribute to the full will make Australia wealthier, both economically and culturally.

Barriers to economic participation, especially in employment cause great harm both to the excluded, but also everyone else missing out on their contribution. Discrimination, both structural and situational, should be urgently addressed. Discrimination in our economy should be addressed, not only as a social justice initiative, but as an economic tool alongside the more traditional economic levers available to Government.

COTA Australia welcomes the idea that, in seeking to achieve Full Employment, Government proposals will not be limited those strictly employment-related (such as wage setting principles) but will also consider the interplay between contextual factors that affect employment and wages as a second, or even third-order effect.

Older people's role in the economy

The economic role of the nearly nine million Australians over fifty is diverse. Hence, so is their relationship with full employment policy. Not every older person wants to be employed. Some do want to play bowls, or go fishing, or babysit their grandkids; but they all remain economic actors in their own right.

The Employment white paper should address the role of older people in three ways:

As Consumers

This is as users of products and services in common with all other Australians, but also with specific profiles. As we age, in general use of healthcare and other care services increases, especially in very old age. Older people also often report experiencing discrimination as consumers, both directly in customer service situations, but also structurally. Poor service delivery, and thoughtless (or malicious) discrimination in the setup of digital and other consumer tools often excludes older people. This both causes great distress and suppresses economic activity.

As Producers

Many older people want to and do continue to work. This may be as employees – full or part time, as small business operators, or in a voluntary capacity. Many more report they want to or are not engaged because they have been discouraged from the workforce by structural and situational ageism. Significant opportunities exist for Government to lead reform in this area, not only as a regulator, but as an employer.

As Investors

Older people are significant holders of capital. This is not a universal experience, and policy should always address the inequality of wealth. However capital holdings are and will

increase for most due to increased accumulation of superannuation. Most older people still do and will own their residence, as well as having superannuation, and often other investments. Other older people are without assets, and for those in private rental the insufficiency of Commonwealth Rent Assistance makes it particularly difficult.

The Employment White Paper should be mindful of the findings of the [Retirement Income Review](#). Older people's role as investors should be as contributors to job creation, whilst maximising the use of their savings to support them in retirement. Policies to encourage optimum utilisation of superannuation balances for income in retirement obviously have positive economic impacts.

Meanwhile, the consequences of the exclusion of older people as consumers and producers often causes future dependency. The future costs to the health system of not dealing with dental health and other degenerative disease is well known, and the consequences are for the economy, as well as the individual.

Barriers to economic participation

The White Paper should aim to encourage and support older people, particularly older workers, to contribute to the economic life of the nation by removing the barriers to participation. Some of those barriers are legislative, such as legislation in most States and Territories that limits worker compensation coverage for anybody above the pension age. Other barriers include things like the cost of childcare, which means older women (and occasionally older men) are or feel compelled to reduce or even leave look prematurely to look after their grandchildren, so their children can go out to work. Others are cultural, such as the ingrained ageism that has long confined older workers to redundancy and irrelevance against their wishes and contrary to their needs.

There are many and diverse barriers to economic participation for older people, including also those in retirement from paid work. A consequence of the White Paper should be a work stream within Government to identify and remedy ageism and age discrimination, accompanied by a Productivity Commission Inquiry as COTA A argues in its Incoming Government Brief.

Barriers to economic participation for older people include:

Inadequacies in the anti-Discrimination Framework

COTA defines ageism as “the inability or refusal to recognise the rights, needs, dignity, continuing contributions, and value of people in an older age group.” In the context of mature age employment, ageism is frequent and severe. Examples include:

- A reluctance or outright refusal to recruit older candidates, and in some cases an actual “blind spot” about mature age workers being a potential labour source.

- An increased likelihood that mature age workers will be made redundant first, often cloaked in the language of retaining better opportunities for younger workers that can stay with the organisation for longer.
- A reluctance or outright refusal to consider mature age workers for training, upskilling, enhanced responsibility, or promotion.
- The use of language that mocks or diminishes mature age workers or robs them of their dignity.

Many matters relating to Age Discrimination are subject to exemptions for the Age Discrimination Act, or are related to other areas of law, such as the Fair Work Act, State and Territory, Consumer Laws, Social Security, and many other laws and policies. The lived experience of older Australians is that this complex tangle of legal protections does not work. The experience of the various tribunals bears this out.

Ageism and age discrimination is treated as a “one off” event, as some kind of exception to the rule, when in fact it is endemic, systematic and frequently unrecognised while being powerful in its effect. Age discrimination needs to have the same legal and policy framework standing as gender discrimination and race discrimination.

The White Paper should recognise that the complexity and ineffectiveness of the legal and policy frameworks is not successfully addressing ageism and review these laws and systems. The Government should direct and fund the Australian Law Reform Commission to undertake a review of age discrimination legislation in Australia with a view to developing laws that address age discrimination as a systemic issue that requires a variety of measures to reduce and then eradicate it.

Older Women

More than a third of single women will live in poverty by the age of sixty.¹ They are also subject to broader issues that affect both their willingness and even physical ability to gain or retain employment. These include:

- **Housing.** Secure tenure of housing is vital for older women to maintain their place in the workforce. Such housing need to not only offer secure tenure, but also be affordable in both terms of rent and utilities (heating and cooling). COTA welcomes the Housing Accord announced in the recent Budget and believes it should specifically address restructuring Commonwealth Rent Assistance to ensure older people (a majority of whom are women) in rental accommodation receive the support they need.

¹ <https://lens.monash.edu/@medicine-health/2022/04/06/1384563/womens-reverse-wealth-trajectory-leads-to-poverty-in-older-age> Accessed 14 Nov 2022

- **Elder Abuse.** Financial, emotional, or physical abuse of older women is more prevalent than is widely understood and is an ongoing challenge. Such abuse can lead to the loss of savings or housing or result in older women leaving the workforce altogether due to unreasonable demands from their children for childcare or other support.
- **Domestic Violence.** It is a problem for women of every age, but for older women it may lead to loss of housing or a need to discontinue employment to prevent the perpetrator from continuing their abuse. For women on temporary visas, moving away from domestic violence may also threaten their continued residency status or work rights.
- **English skills.** Older women from CALD backgrounds may have been unable to develop effective English skills earlier in their lives because of family commitments or pressures. When such pressures ease later in life, they may find themselves unable to secure work because of poor English skills.

Lower than fair earnings because of gender-based pay discrimination

Older women are disadvantaged by cumulative effect of a lifetime of wage discrimination. This impacts their power as consumers, as well as leaving many without sufficient retirement savings.

This includes the so-called “motherhood penalty” because of which studies show women earn on average less than half of their pre-birth wage in the first five years after childbirth.² In the longer term, superannuation balances suffer when women take breaks. They may get parental leave payments or carer’s support payments, but these currently do not accrue superannuation guarantee contributions. And for that matter, neither do JobSeeker payments, even though they are classified as taxable income.

Data from the Global Gender Gap Report 2021 from the World Economic Forum showed that the pandemic had added 36 years to the trajectory to reach gender pay parity (now 136 years). Policy changes to fix the effects of wage discrimination will be of little benefit to the older women leaving the workplace today. Specific programs are needed to address the situation faced by older women caught in this poverty trap.

Cultures of ageism as a cause of premature retirement

Ageism is a commonplace in the Australian workforce. Whilst in some industries it is more obvious than others, it is incredibly widespread. Prominent examples include media presenters and hospitality workers characterised as high-energy careers appealing to a young demographic. The issue is far more widespread, with opportunities for training,

² <https://www.theage.com.au/politics/federal/the-motherhood-penalty-women-s-wages-drop-for-up-to-a-decade-after-birth-20220712-p5b13w.html>

development, and promotion declining significantly after 50 years old. Structural drivers coming from government in the Fair Work and Education systems encourage the culture of ageism in training and development.

Ageism has real effects on the lives, careers, and mental health of mature age workers. The harm caused by such perceptions are compounded by ageist ideas about older workers' preparedness to embrace change and engage in opportunities to upskill.

Mature age workers are increasingly susceptible to often compulsory redundancies. The reasons can be many, but often are couched in terms of protecting the jobs of younger workers with family responsibilities, or due to a perception that older workers are more inflexible or unable to cope with more advanced training.

The reality and perception of ageism in recruitment

Older unemployed people over 55 years average 68 weeks looking for work, more than twice that of people aged 15-24 years. Mature age jobseekers frequently report difficulty in finding roles that are suitable for older workers. Meanwhile, between 25% and 47% percent (surveys vary) of HR professionals admit their organisation has a reluctance to hire older workers. Older jobseekers face even more discrimination if the hiring manager is under 40 years of age.

A common refrain that COTA hears is that mature workers no longer desire (or need) a career as such and are happy to just "get a job." This stance discounts both the desires and potential of the individual worker and discounts their experience and expertise. There is also an element of sex discrimination to such attitudes, and mature women often express dismay at the type of work offered to them, which is often at a level that is paid well below their accumulated experience and expertise.

Programs and initiatives that promote culture change in recruitment managers and HR departments would be helpful. So too would be reform to the antidiscrimination framework. Even more immediately, the government could address the pro-discrimination signals it sends, both in its own employment process, and with the signals it sends through proxies such as the ageism inherent in statistical collection by the ABS and FWC.

The Social Security system

The Social Security system sends mixed messages to older people, and sometimes creates hardship for those attempting to participate fully in the economy through employment.

Areas COTA Australia believes the White Paper should address include:

- **The Age Pension Work Bonus** allows interested and capable age pensioners to earn additional income above the income test free area before they start losing their pension entitlements. While we welcome the temporary improvements made to the scheme in the latest Budget, which have been extended to 31 December 2023, this is not a long-term approach. COTA believes that age pensioners who are capable and willing to work should be encouraged, whilst also recognising the policy framework

of the age pension is that it is a substitute for income from paid work after a certain age. However increasingly the former hard line between paid work and “retirement “ is increasingly blurred and should be seen as a spectrum rather than a line. COTA A has argued in its Incoming Government Brief and elsewhere for research to be commissioned to ascertain both the degree to which the income test is an impediment to continued part time work, and the probable threshold levels that would be a “tipping point”, so that there is an evidence base for policy decisions.

- **Eligibility for Disability Support Pension** - COTA would like to highlight the circumstances of mature workers unable to continue in their usual occupation because of work-related disabilities. As things stand, when such individuals seek to claim the Disability Support Pension, and they do not meet the required twenty points on a single impairment table, they are compulsorily streamed into the “Job Support Program” and forced to spend 18 months on the much lower JobSeeker payments. COTA submits that any claimant to the DSP that meets the required twenty points on any or all the impairment tables, should be allowed access to DSP support directly, without requirement to complete the Job Support Program.

The effects of hard or repetitive physical labour

Whether farm workers, nurses, plumbers, cleaners, or general labourers, some occupations can pose severe long-term impacts on the human body. Such effects are cumulative and can mean many older workers are unable to continue working in their chosen careers. We must acknowledge that not every job is feasible after certain periods of time. While job redesign and WHS improvements should always be on the agenda to decrease attrition in sch carerrs so should reskilling payments, transition support, and other measures as intrinsic parts of the social wage.

Affordable, accessible healthcare

The White Paper should consider the consequences for workers and their families if they are unable to afford health treatments which they require to return them to work after illness or accident. A multi-months (or even years in some cases) delay because of waiting lists is effectively a denial of treatment.

The pandemic demonstrated the consequences of the insufficient system of sick leave for casual and contract workers, and the self-employed.

For older workers, such issues are compounded if their return to work after illness means being sidelined into a position that is well below their aptitude and experience – leading to boredom and feelings of being “beyond their use-by date,” followed by earlier than planned exit from paid employment.

There would be significant economic benefit to improving Australia’s primary health system, with an increased focus on prevention and restorative care and support, ensuring that people do not as often become ill, and are fit and healthy for work. Chronic illness,

deterioration in mental health, and associated problem associated with poor primary health systems see too many people unable to reach their economic potential.

Additional Initiatives

In the earlier sections we addressed the broader issues affecting older workers in the context of the quest for Full Employment. Below, we propose further measures intended to allow older workers their full measure of participation and contribution to the economic success of the nation, their families, and older workers themselves.

Aged care and the economy

As we get older many people tend to require more support from the Caring Economy. Caring is a human activity and the promise of greater efficiency through the wider and deeper use of digital and AI tools must not reduce that human focus or human touch. Indeed they can be used to enhance and extend it by reducing the time needing to be taken with “back room” tasks. Enhancing the Caring Economy must mean increasing the supply and expertise of paid carers.

The White Paper should be cognisant of the Aged Care Royal Commission recommendations and subsequent comprehensive program of Federal Government [aged care reforms](#) which, among many others include significantly improving the pay, conditions, and careers of paid carers, and a range of measures that will lift the quality, productivity and attractiveness of aged care as both a supportive environment and a good place to work. This process of reform is a promising development, and its direction should be accelerated and invested in systematically, not diverted by the White Paper process.

Ensure Superannuation is paid on every dollar of income

As noted earlier, women choosing or needing to look after children or other family members are faced with diminished retirement incomes because neither parental leave nor carer’s leave include the superannuation guarantee contributions. Over time and repeated occurrences, this translates to contributing to women having considerably reduced superannuation balances compared with men. COTA A recommends that this anomaly be addressed as a matter of urgency in the 2023-24 Budget.

Ageism, obsolete skills, and disability can lead to older workers spending repeated periods on income support payments, on which they pay tax, but receive no contribution towards their superannuation balance.

Other areas where exemptions to superannuation payments exist are in workers compensation, and other payments. This area needs significant review, as a workplace injury should not be the start of a poverty spiral, and the people concerned are the most likely to end up without savings, and hence secure housing, in retirement.

Promote the uptake of the Career Transition Assistance Program (CTAP)

Older Australians tell us that newly unemployed older Australians are still assuming that they must wait until they are in receipt of income support before they are eligible to benefit from the CTAP. We know that this is not true. The message that you do not need to be in receipt of, or even eligible for, income support, to receive this type of assistance is still not reaching older Australians. To that end, COTA Australia advocates for an increased awareness of the Career Transition Assistance Program, through an advertising campaign.

Further, we have heard that jobseekers above the age pension age have been rebuffed when seeking assistance. It is likely that this is a consequence of the mandatory shift that happens at that age from JobSeeker payments to the Age Pension. COTA Australia advocates for the right of people above the age pension age to remain in the workforce, and to receive assistance, such as participation in the CTAP and other support from Services Australia as is received by individuals of younger years.

Productivity Commission inquiry into the costs of ageism in Australia

COTA Australia recommends that the inquiry should:

- Calculate foregone tax revenue because older workers are discriminated against and are not being recruited to fill job vacancies.
- Consider increased cost on health and aged care services due to discrimination and social isolation.
- Identify and recommend practical solutions to increase workforce participation of people aged 50-67, as well as those age pension eligible over 67 years.

The inquiry should consider the older population as a whole, and as segments of the population. The experience of ageism by older women, for example, often differs to that of older men. The areas of public life where ageism is experienced for a 50-year-old are likely to be different than that of an 80-year-old. Likewise, regional, migrant, and sexually and gender diverse populations have different experiences. The segmentation should be determined and conducted through consultation, as part of the inquiry.

Ends