



australian nursing federation

Australia's demographic challenges

1. Introduction

- 1.1 The Australian Nursing Federation (ANF) is the national union for nurses, with branches in each State and Territory of Australia¹. The ANF is also the largest professional nursing organisation in Australia. The ANF's core business is the industrial and professional representation of nurses and nursing. The ANF provides industrial and professional coverage to registered nurses, enrolled nurses, assistants in nursing and other classifications.
- 1.2 The ANF's 140,000 members are employed in a wide range of enterprises in urban, rural and remote locations in both the public and private sectors, including hospitals, health and community services, schools, universities, the armed forces, statutory authorities, local government, offshore territories and industry.
- 1.3 The ANF participates in the development of policy in nursing, nursing regulation, health, community services, veterans' affairs, education, training, occupational health and safety, industrial relations, immigration and law reform.
- 1.4 The ANF represents Australian nursing internationally through links with other national and international nursing organisations, professional associations and international labour organisations.

2. Improvements in the capacity for work

- 2.1 The ANF would be very concerned if workers who are unable to keep working are disadvantaged in any way by policies implemented by the Australian Government. The Government must consider all their policy, including health, education and taxation policy, with particular reference to the impact on the workforce both now and in the future when there are small numbers of young people joining the workforce.
- 2.2 Nurses, for example, may not have the capacity to keep working beyond the current retirement age because the nature of their work leaves them physically and emotionally exhausted. A major exodus of nurses from the workforce will begin in the next 10-15 years because nursing, like many other occupational groups, is an ageing profession with the average age of nurses increasing to 42.2 years in 2001 (47 years in aged care)².
- 2.3 The ANF supports investment in the health workforce, including nursing, which will be critical to improving the capacity for work through better health. Nearly half the Australian health workforce is made up of nurses and they play an important role in all aspects of health care including primary health care eg initial management of health issues, illness prevention strategies and health promotion activities.

- 2.4 There is already a shortage of nurses in Australia and inadequate steps are being taken by the Australian Government to overcome the escalating problem. The ANF has been calling for additional places in both the higher education (for registered nurses) and the vocational education (for enrolled nurses) settings so that more nurses are prepared to join the profession as 40% of the nursing workforce prepare to retire in the next 10-15 years³. The Australian Government's review of nursing education found in 2002 that there should be an additional 880 nursing places by 2004 but an additional 207 places only have been announced with a further 400 included in the 2004/05 Budget. This lack of comprehensive action will not provide for a future nursing workforce that is able to respond to the increasing health and ageing needs of the Australian community.
- 2.5 Unless the inadequate number of nurses is addressed then the burden on the remaining nurses will be intolerable and there will be a further escalation in the rate of exodus of both younger and older nurses from the profession. More nurses will choose to reduce their hours of work⁴ or will leave the nursing profession for other careers.
- 2.6 The discussion paper calls for improvements in the capacity for work through better education. Recent Australian Government policy changes have dramatically increased the costs for every member of the Australian community. Registered nurses complete an initial entry to practice qualification at the bachelor degree level and many then complete a specialist nursing qualification at a postgraduate degree level eg masters. The majority of these postgraduate courses are full fee paying with nurses paying up to \$20,000 for a qualification which does not have a consequential positive impact on their income. There are fewer HECS places available and those fees also vary from provider to provider following the recent changes made in higher education.
- 2.7 Employers have not matched the education investment that nurses themselves are making despite the fact that the main advantage is improved quality of care to the Australian community. The ANF calls for the Australian Government to consider an incentive scheme that would encourage employers to contribute to the continuing education of the workforce on whom they depend.
- 2.8 Another barrier for nurses considering working beyond the current age of retirement is that nursing requires a high level of knowledge and skill and it is difficult for nurses who have been out of the workforce to return to clinical work without a refresher course. There is a need to maintain the availability of refresher and re-entry nursing programs so that nurses can move in and out of nursing work easily. It is also recommended that the Australian Government expands its financial support for nurses to complete these courses as cost continues to be a barrier for some.

3. Improved flexibility in the workplace

- 3.1 The Australian Nursing Federation's principal position is that the suggested options for providing support for more flexible work will not generate additional jobs nor provide benefits to persons who choose to remain in the paid workforce beyond the nominal retirement age.
- 3.2 In the nursing profession, the Australian Government's Workplace Relations Act 1996 (Clth) in conjunction with Federal and State awards and agreements, already provides maximum labour market flexibility and it is difficult to envisage how further flexibilities could be introduced into the labour market for nursing.
- 3.3 At the present time employers have a virtually unfettered right to offer employment to nursing staff on a full time, part time, casual, short term contract or agency basis to meet the needs of their particular establishment or service. For example, in 2004 over 54% of nurses were employed on either a part time or casual basis with the majority of such nurses being employed on these arrangements to suit the requirements of the business⁵. It is difficult to see how the current employment arrangements available to employers of nurses can become more flexible.
- 3.4 The discussion paper gives scant regard to the most significant barrier to a person extending their working life, which is the existing income tax system. The taxation system significantly penalises people who work whilst receiving any government pension or other forms of assistance.
- 3.5 For the nursing profession, where there is heavy and intense work and with the highest incidence of musculo-skeletal injury, it would be a worthwhile initiative to require employers to have modern occupational health and safety equipment that would allow nurses to work in a safe environment until they reach the point of retirement⁶.
- 3.6 In the section on tailored wages and conditions, the discussion paper appears to suggest that the Australian Government's agenda of amending the Workplace Relations Act is the panacea for allowing mature age workers full flexibility to remain or re-enter the workplace. The fact remains that through the collective bargaining agreement stream or through individual agreements, employers and employees are already able to determine the arrangements that suit their respective needs. There is no necessity for further amendments to the Workplace Relations Act to achieve this outcome.

3.7 The discussion paper asserts that wage setting processes discourage the employment of mature workers due to the existence of a minimum award wage and complicated cross jurisdictional issues. The Australian Nursing Federation does not support these assertions. There is a need to maintain a relevant minimum award wage to ensure that where mature workers do continue in the workforce, they do not become the working poor. Secondly, in respect of establishing and reviewing award rates of pay, State and Territory industrial relations jurisdictions have followed and adhered to outcomes determined by the Australian Industrial Relations Commission through national wage cases.

4. A more flexible and adaptable retirement income system

4.1 It is widely acknowledged that the current levels of superannuation provision will not provide the standard of living in retirement aspired to by most Australians. Only those in the most favourable circumstances will enjoy a standard of living similar to that in full employment with the current superannuation guarantee of 9%; and most Australians who came into superannuation in the past 15 years will not achieve adequate retirement income from their current superannuation savings.

4.2 The measures announced in the Federal Government's paper *A more flexible and adaptable retirement income system*, fall short of a complete remedy to the pending shortfall in the retirement income needs of Australians. The changes essentially deal with directing the expenditure of superannuation savings and not on improving the level of those savings. This is of particular concern to nurses who are: predominantly of the generation (over 45) with limited investment in superannuation; mainly female (91.6% of the nursing workforce in 2001 were female⁷); and are often part time workers moving in out of the workforce (the average hours worked by nurses in 2001 was 30.5 hours with 53.7% being part-time workers⁸).

4.3 Issues confronting women's retirement savings include the following:

- The transient nature of nurses' working lives is connected with the crucial interruptions to paid employment that many women in the workforce experience. The often interrupted working patterns of women diminish their capacity to accumulate sufficient retirement savings.
- Women's incomes are lower than men's. Even when they work full time, women's average earnings amount to only 84 per cent of male average full-time earnings⁹.
- Women live longer than men and with life expectancy increasing, more and more women will be confronted with the prospect of having to rely on their own financial resources for long periods of time¹⁰, often living alone.
- There is an increase in the incidence of divorce and the low remarriage levels of divorced women indicate decreased access to a partner's retirement savings¹¹.
- There are low levels of understanding by both men and women about superannuation generally, and fund reports are increasingly complex and incomprehensible.

4.4 Government policy must address the gaps in the current superannuation system so that everyone that participates in the labour force, whether full time, part-time or casual, has a fair chance to accumulate retirement savings.

4.5 Measures to improve the retirement incomes of the nursing workforce would necessarily include the following:

- The removal of the contributions tax on superannuation contributions, especially on the superannuation guarantee payment and for low income workers.

Review of taxation on superannuation may lead to an increase in voluntary contributions and therefore, greater retirement savings for women. In 2000, calculations showed that abolishing the 15% contributions tax would boost retirement saving by between \$30,000 and \$52,000 depending on years of employment¹². The cost to government in lost revenue would not be excessive and would diminish over time as there would be an increase in tax revenue from fund earnings.

- A commitment to the implementation of strategies that increase the superannuation guarantee payment to 15%. These strategies should be negotiated with the ACTU and employer groups.

Since the inception of the superannuation guarantee contribution, it has been accepted that 15% contributions will provide a retirement income that is adequate for a quality retirement¹³. A mechanism needs to be developed to reach this level and that mechanism may include a compulsory contribution from employees, employers and co-contributions from Government.

- The removal of the current \$450 earning threshold for the superannuation guarantee payment. An allowance was made in the 2004/2005 Budget for these workers to receive co-contribution payments for any payments they make to superannuation but did not give them access to the superannuation guarantee payment.

It has been rationalised that workers earning \$450 or less per month are likely to be in greater need of current earnings to a higher extent than more highly paid workers and therefore it could be an imposition to require compulsory savings on their behalf. However there is anecdotal evidence that it is not uncommon for casual employees in some industries to be on rosters that ensure that casual or part-time workers do not earn in excess of \$450 per month so the superannuation guarantee does not become payable¹⁴.

- An immediate remedy to the situation caused by the existence of standardised entitlement to the superannuation guarantee ensuring all Australians receive the current 9% superannuation guarantee entitlement.

Currently some workers including nurses are subject to the inequalities imposed by the standardised entitlement to the superannuation guarantee contribution. The current grandfather clause of 10 years for its removal is compounding the already serious situation faced by many workers of insufficient retirement income.

- The introduction of standardised fund-reporting structures, reducing the complexity of reports, along with a comprehensive community education package on the reading of reports and superannuation in general.
- Findings reveal that many Australians do not maximise superannuation opportunities and investments due to a disinclination to sacrifice current earnings, poor knowledge of actual retirement needs and a lack of understanding of how superannuation funds operate. Research conducted by Diana Olberg concluded that:

The low level of understanding and commitment in the community - by women and men - towards superannuation and retirement savings, in general, must be addressed by way of extensive consumer education programs. In addition to the dissemination of easy to understand and effective information, investment options based upon female models of lifetime earnings should be made available to women¹⁵.

- Review of the entry and exit fees and commissions charged on superannuation guarantee contributions with the introduction of enforceable regulation.
- Ensure that superannuation legislation (including tax legislation) be amended uniformly to ensure that same sex couples have the same access to superannuation benefits and tax concessions as other de facto couples.

By ratifying the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights and the International Labour Organisation Discrimination (Employment and Occupation) Convention 1958, Australia has undertaken to prohibit discrimination and to provide effective remedies against discrimination including on the basis of sexual orientation and trans-gender identity. A report by the Human Rights and Equal Opportunity Commission has found the current legislation relating to superannuation breaches these international treaties and has recommended that legislation be amended¹⁶. To date this has not been achieved.

- Implement a system for women on maternity leave to continue both their own contributions and the superannuation guarantee contribution.

5. Conclusion

5.1 It is imperative that any review of retirement income and quality of life in retirement includes discussion of and improvement to the broader issues that impact upon the individual's capacity to enjoy a quality retirement such as:

- Access to paid maternity leave
- Family friendly workplace policies
- Affordable quality child care
- Access to free health care

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