

User pays principles in education (whether through university course fees or upfront charges for vocational education courses or continuing education) contribute to skills shortages and act as an impediment to both a culture of life long learning and the accrual of savings for retirement. It is certainly our experience that nurses are reluctant to engage in post registration specialty courses when they pay the course fees, take a cut in pay, decrease working hours to undertake the course and then gain little or no additional remuneration for the additional skills achieved. Incentives for continuing education are insufficient at present and needs to be addressed as a matter of urgency if we are to address future and current skills shortages. The QNU recommended to the Senate Inquiry into Education and the National Review of Nursing Education that fees associated with courses related to identified areas of nursing shortage be waived until the skills shortage is corrected. (This recommendation was not accepted by government and instead fees associated with nursing courses are currently "frozen" at the lowest fee level). The other issue of considerable concern to the QNU is that at a time of national nursing shortages thousands of eligible nursing students are being denied places at university because of higher education funding constraints. At the state level, funding for enrolled nurse and assistant in nursing education has also failed to keep up with demand.

The nature and extent of the nursing skills shortage and strategies to address these were clearly articulated by both the Senate Inquiry into Nursing and the National Review of Nursing Education. We know what the problems and solutions are – all that is missing is the political will on behalf of government at the state and federal levels and employers in the health and aged care sectors to implement the required strategies. The same applies for other areas of existing and projected skills shortages in Australia. A coordinated approach is urgently required so that identified areas of skills shortages are prioritised and addressed. For this to occur, additional resources will be required.

The QNU recommends that current and projected areas of skill shortages in Australia are afforded appropriate priority by the federal and state/territory governments and that a coordinated approach be adopted to the identification and implementation of adequately funded strategies to address areas of shortage.

It must also be remembered that there is a correlation between educational attainment/ income levels and health status. Those who are better educated/earn higher incomes enjoy a better health status. The socio-economic determinants of health must be closely considered when planning strategies to address demographic challenges. So many of the issues are inter-related and cannot be considered in isolation.

Better incentives for work

The section of your discussion paper on the need to provide better incentives for work provides a broad overview of some of the major issues requiring attention if we are to address our demographic challenges. There are some notable omissions from the paper however, for example the need for a universal paid maternity leave scheme which would help to address declining fertility rates. As stated earlier, the issues requiring attention were considered in some detail by the 2002 Queensland Work and Family Taskforce. The QNU submission to this taskforce was written within the context of the demographic challenges confronting us. Although there is an emphasis on industrial relations issues in our submission we believe that the recommendations made by the QNU are of direct relevance to the issues of providing better incentives for work and improved flexibility in the workplace. We therefore refer you to this submission for further details, but will summarise in dot point form the major issues that will require attention if we are to encourage workforce participation.

- Implementation of a universal tax payer funded 14 weeks paid maternity leave scheme and encourage employers to “top up” the minimum entitlement to usual earnings levels.
- Urgently improve services that facilitate workforce participation, such as high quality affordable child and elder care services. The issue of affordable quality child care services for shift workers requires particular attention given significant skill shortages in female dominated occupations such as nursing and the increasing implementation of non-standard patterns of work in the wider workforce.
- Promotion and implementation of “family friendly” and “older worker friendly” policies and processes that enhance labour force attachment (paid family/parental leave, flexible working arrangements, access to part-time work etc).
- Identify specific barriers to labour force attachment and implement strategies to address these barriers within different occupational groups (commencing with areas of current and projected skills shortage as a priority and monitoring emergence of skills shortages and addressing these).
- Monitor and address issue of work intensification that arise from workforce shortages.
- Identify and address barriers inherent in the income support system that act as barriers to work.
- Identify and address issues relating to retirement such as superannuation in order to encourage appropriate labour force participation by older workers (see later section of this submission on *A more flexible and adaptable retirement income system*).
- Provision of leadership by government and the national and state/territory levels to focus on this issue in a genuine manner and fund required strategies appropriately.
- Promotion of a fundamental cultural shift by employers, employees, unions and other key stakeholders.

In summary, we believe that fundamental shifts in emphasis and culture are required if we are to adequately address the demographic challenges confronting us. In our view, this will require basically an occupation by occupation (or industry by industry) approach as each occupation or industry will have different issues requiring attention. A strategic and coordinated approach must be taken and it must be inclusive of all key stakeholders – government, unions, employers, educational providers etc). We do not want to see an overly bureaucratized approach established for its own sake. Such approaches have demonstrated that they can work effectively – for example look at the various taskforces and reviews that have been conducted into nursing in recent years where an abundance of good will, commitment and energy has been clearly demonstrated by key stakeholders. The problem with these processes has not been in the identification of barriers that need to be addressed but rather the political will of government at a federal and state/territory level and employers in general to implement and fund the identified strategies.

Another concern to the QNU that has been highlighted by one of these processes, the National Nursing Education Review, is the politicisation of the process once it reaches the implementation phase. The Australian Nursing Federation (ANF) is not represented on the implementation taskforce of this review – an astounding situation given that the ANF is the largest representative body for nursing in this country with over 130,000 members. (This is despite the fact that the ANF federal office and all of its state branches contributed significantly and positively to the review’s processes in a spirit of partnership. Australia’s peak nursing regulatory body the Australian Nursing Council is also not represented on the taskforce). If we are to genuinely confront our demographic challenges it is obvious that attitudinal and cultural changes are required by stakeholders including government. These issues are too important to be politicised.

The QNU believes that it would be beneficial for your review to pay particular attention to the nursing workforce as a case study. We recommend this for a number of reasons which include:

- The significant level of nursing shortages both in Australia and overseas – this is of particular importance given the centrality of nursing to the provision of health services and the projected increase in demand for such services.
- A considerable amount of research into the issues requiring attention that would enhance labour force participation in nursing has recently been undertaken by the Senate Inquiry into Nursing, the National Review of Nursing Education and various state based taskforces.
- There are specific issues that require further examination (that will have wider application beyond nursing) given the nature of the nursing workforce (highly feminised, ageing, shift working, over 50% working part time and the technically, physically and emotionally demanding nature of the work).
- The nursing workforce is particularly disadvantaged with respect to adequacy of retirement savings. This is especially pronounced for Queensland nurses given the substandard definition of Ordinary Time Earnings for Superannuation Guarantee purposes utilized in this state.
- The combination of the ageing of the nursing workforce, physically demanding nature of nursing work and under-superannuation of nurses is creating particular problems now. Increasingly we are becoming aware of members who are working past the age of 70 because they cannot afford to retire and yet are having difficulty meeting the physical demands of the work.
- The impact of substitution of licensed nursing personnel with unlicensed personnel (who are cheaper to employ) is not being adequately monitored at present. This has consequences in terms of quality of health services provided but is also of interest given that a careful examination of appropriate skill mix is of critical importance to future workforce planning.
- Because government is either a direct employer of nurses (state/territory governments with public health services) or directly funds the employment of nurses (federal government in aged care) and given the importance of health to enhancing labour force participation there is the ability for government to show leadership by prioritising the area of nursing for policy attention.

Improved flexibility in the workplace

The QNU certainly believes that improving flexibility in the workplace will be of critical importance. However, our experience has been that the deregulation of the labour market that has occurred under the Howard government has largely resulted in flexibility that has benefited employers rather than employees. The time has well and truly come for the implementation of strategies that create flexibility that benefits employees. (Please see attached QNU submission to Queensland Work and Family Taskforce for elaboration on this topic). In the near future it will be the case that labour market shortages will be more pronounced and those employers who have not seen the writing on the wall and therefore failed to adopt “best practice” human resource policies and practices will be forced to take corrective action. In short, the power balance will shift in favour of the employee and employers will have to meet their demands for increased flexibility.

There are a few comments that we would like to make in relation to a number of issues raised in this section.

Part-time employment: As stated previously, nurses are increasingly electing to work part-time. In 1995 less than half (48.8%) of nurses worked part-time and by 2001 this had increased to 53.7%.¹ At the same time the average number of hours worked per week has decreased from 32.4 hours in 1995 to 30.5 hours in 2001.² This is due to a combination of factors – work intensification and the ageing of the nursing workforce being two of the significant contributing factors. Because of this shift towards part-time work greater numbers of nurses are required to meet the demand for nursing services. As stated previously, increasingly employers appear to be in part attempting to address this supply and demand problem by changing skill mix (eg. employing less qualified and therefore less expensive staff). They are also managing the mismatch by cutting services, which results in outcomes such as blowouts in elective surgery waiting lists. Both of these strategies have an obvious impact on the quality of and access to care yet there has been a failure to adequately monitor these

¹ AIHW (2003), *Nursing labour force 2002*, Canberra, page 6.

² AIHW (2003), *Nursing labour force 2002*, Canberra, page 6.

issues or put in place remedial strategies. The problem in nursing is largely due to failure to retain nurses. Though more could also be done to increase the number of new entrants into nursing. Specific attention needs to be paid to addressing nursing retention: improving the working conditions, workloads, remuneration and support structures (such as child and elder care) so that nurses are encouraged to not only stay in nursing but increase their labour market attachment. An example of a recent highly successful strategy that encouraged over 3,000 nurses back into nursing was the implementation of mandated minimum nurse to patient staffing rations in Victoria – an initiative the Bracks government is now attempting to discontinue.

Extending people's working lives: The QNU is concerned that there will be limited capacity to extend the working life of nurses unless significant changes are made to working conditions for nurses. For example, particular attention needs to be paid to decreasing injury rates among nurses. Sprain/strain injuries, chemical exposure, needle stick injury and physical violence towards nurses in the workplace all remain unacceptably high and must be addressed. The effects of shift work on nurses and the ability of nurses to continue to work rotating shifts into older age also need careful attention. Increasingly nurses are working into their 70s but this is by necessity not choice and results from their low levels of superannuation entitlement. The union has noted an increase in contact from members who are over 70 and continuing to work who also express concern and disappointment that although they can continue to make contributions until the age of 75 their employer is not obliged to do so after the employee reaches the age of 70. In our view this needs to be changed and the cut off age for both employer and employee superannuation contributions should be set at 75 years and kept under review and amended as necessary to a higher age as life expectancy increases.

Tailored wages and conditions: The QNU believes that labour market reforms undertaken to date have disproportionately benefited employers at the expense of employees. This needs to be corrected. With regard to the further workplace "reforms" highlighted on page 16 of the report we merely wish to state that these are ideologically driven, will not address the key problems that require attention and miss the main point of the debate that we must have on the demographic challenges. In short these are red herrings and divert us from the main agenda. A new paradigm is required and this will not be achieved if the government continues along its current ideologically driven bent.

So what are the choices?

In conclusion we wish to make brief comment on the choices that are posed in your discussion paper (pages 25-27) and how to facilitate a way forward on the issue of demographic challenges.

The point we would make about the four choices is that they are not separate and mutually exclusive. Certainly the overall objective of continuing to grow the economy (choice 4) underpins all others, but at different times increases in taxes, running deficit budgets or re-ordering the priority of government spending may be required. The key issue is that we have a dialogue about community needs and expectations with regard to the values that underpin economic growth.

The debate we need to have first is fundamentally about values. What are our core values as a community that underpin and enhance our economic performance? We strongly believe for example that a commitment to provide adequate government funding for universal high quality health, education, child/elder care services and adequate income support by government (eg. pensions, universal paid maternity leave entitlement etc) must underpin our strategies to address the demographic challenges. Government must guarantee to the community a collective minimum standard that is informed by community needs and expectations. We need to have a debate about taxation levels and prioritisation of government expenditure but it needs to be an informed debate. Issuing discussion papers and reports form part of this process but only a small part.

How can we best take the debate to the community? The issues at hand are huge, complicated and inter-related. Your discussion paper has barely scraped the surface by articulating some key issues and has not dealt with the issue of how we address these. It is apparent to us that to move forward responsibility must be

assigned for carriage of this issue. This issue can not stay within Treasury because although there is an economic imperative for change there are huge social implications and a significant number of key stakeholders that must be involved. As a first step we believe that it would be appropriate to establish a standing taskforce that was inclusive of all key stakeholders. Such a body could oversee and coordinate research and undertake scoping of the issues that need to be addressed as well as continue to provide community education on this issue. It could report to whole of government through COAG processes. It is essential that our response to our demographic challenges is coordinated, comprehensive, well funded, based on evidence and inclusive of all key stakeholders.

The QNU recommends that a Demographic Challenges Taskforce be established to continue to progress our response to the demographic challenges confronting Australia. Such a body could undertake further research and other activities such as scoping of the issues requiring attention as well as aid in the continuation of the community education and debate on this issue. As these challenges require a whole of government approach this body should report directly to government through the Council of Australian Government (COAG).

Comments on *A more flexible and adaptable retirement income system*

We also wish to make brief comment about the other paper that was released with your paper on demographic changes, *A More Flexible and Adaptable Retirement Income System*. This paper deals specifically with retirement income initiatives and proposes specific changes to superannuation arrangements, pensions and eligibility criteria for income support in retirement. Although this paper announces government policy changes in these areas and you have not requested comment on these, we provide some brief comment as this issue is of such vital importance if we are to meet the demographic challenges.

Firstly, we would like to place on record that we welcome the initiatives contained in the paper. Our only disappointment about the announced initiatives is the 2010 implementation date for the standardisation of the Superannuation Guarantee (SG) notional earnings base. In our view this should have immediate effect. We will detail our reasons for this before outlining some other suggestions for issues requiring attention that were not included in your paper.

The SG legislation has been in place for over ten years now. The legislation allowed some employers to pay superannuation on a lower earning base than what is defined by the Australian Taxation Office in their definition of Ordinary Time Earnings (OTE) for Superannuation Guarantee (SG) purposes. This exemption for some employers causes significant disadvantage for Queensland nurses. Queensland nurses are the only nurses in Australia that do not have shift and weekend penalties included in the OTE definition for SG purposes. Their employer SG contribution is calculated on base earnings. The impact of this varies depending of the extent of shift work worked by nurses but could be worth up to 25-30% of base salary if the nurse worked a significant number of non standard shifts. In a nurse's working lifetime this can amount to tens of thousands to potentially hundreds of thousands of dollars of lost retirement income. Nurses are under-superannuated by virtue of the discontinuous nature of their working lives and relatively recent entitlement to superannuation and this substandard OTE definition compounds their disadvantage. This is a totally unacceptable situation and must be addressed as a matter of urgency.

In the past we have attempted to address this deficiency through formal approaches to the Queensland government and in cases before the Queensland Industrial Relations Commission but without success. We enclose a paper provided last year to the QSuper Board on this matter for your information so that you can get an idea of the scope of the problem. This paper only deals with nurses employed in the public sector but the same problem applies to nurses employed outside the public sector in Queensland. It is our belief that the same substandard OTE definition for SG purposes applies to most if not all other shift workers in Queensland.

For far too long employers in Queensland (including the Queensland government) have enjoyed a comparative unfair advantage over employers in other states with regard to this issue. We can see no rationale for such an advantage to Queensland employers and disadvantage for Queensland shift workers in the first instance and certainly can see no reason for this inequitable anomaly to be allowed to continue until July 2010. Queensland is being the “cheap state” not the “smart state” in relation to this matter.

The QNU strongly recommends that the federal government immediately remove the lower notional earnings base for determining SG liability so that nurses and other Queensland workers are entitled to employer sponsored superannuation contributions in line with the Australian Taxation Office’s definition of OTE for SG purposes as a minimum entitlement.

The QNU supports statements made by the Association of Superannuation Funds of Australia (ASFA) and the Australian Institute of Superannuation Trustees (AIST) in response to the release of *A more flexible and adaptable retirement income system* about the need for more to be done by government in the area of superannuation, especially in relation to adequacy of retirement savings.

In particular the QNU recommends that the government also take action to:

- Abolish contribution tax on superannuation.
- Investigate and address impediments to workers currently receiving a standardised entitlement to superannuation (see discussion on inconsistencies with regards to OTE definition above) and improve compliance mechanisms (we must ensure that all Australian workers are receiving the current 9% SG entitlement before embarking upon strategies to improve levels of superannuation contributions).
- Enter into negotiations with the ACTU and employer organisations about increasing the level of the SG to 15%, the figure most experts agree is a minimum level to ensure an acceptable level of retirement income.
- Remove the current \$450 per month earning threshold for SG payment (a particular problem given changes in working patterns and the disadvantages suffered by workers who are employed in multiple part time or casual engagements that may never reach the \$450 threshold in any one engagement).
- Implement more incentives for saving through superannuation – for example, extend the government’s existing co-contribution scheme to middle income earners (workers earning up to \$60,000).
- Introduce further improvements to consumer protections, especially in relation to setting limits to fees payable by members and the requirement for funds to provide to easy to understand, consistent and meaningful data of fees and charges to members.
- Introduce measures to improve the level of financial literacy amongst fund members (and indeed even amongst school age children) as well as investigating ways in which members can utilise some of the accumulated superannuation funds (to a pre-determined limit) in order to access independent financial advice that does not involve trailing commissions. (Those planners providing independent financial advice (i.e. those not dependent on commissions) involve the payment of “upfront” fees that are unable to be afforded by most low-middle income earners.).
- Increase the age cut off for employer SG contributions to 75 years of age in line with the age limit set for employee contributions and continue to monitor this age limit given the ageing of the population and implementation of strategies to encourage longer workforce attachment for older workers.

Conclusion

Thank you for the opportunity to provide feedback on this important issue. In conclusion we wish to state that we believe that solutions to the demographic challenges confronting Australia can be found if a collaborative and inclusive approach is adopted and the solutions are not driven by economic considerations alone but rather the values that contribute to cohesiveness in our community. For example, we firmly believe that the maintenance and extension of a universal health system is a "core value" of the Australian society. Australians reject a US style health system as the "fend for yourself" approach does not sit well with our commitment to a fair go. The vast majority see Medicare as more than a universal health insurance scheme, rather it symbolises the type of society we want Australia to be. It is a concrete demonstration of mutual support and concern for fellow citizens when they are at their most vulnerable – when they are sick. We therefore believe that strategies to address the demographic challenges must be underpinned by a commitment to collective responsibility for health, aged care, education and training, income support and initiatives such as child and elder care – all of which enhance an individuals workforce attachment and productivity. We believe funding for these enablers is best achieved through our taxation system. There is therefore an urgent need for community debate on the nature and extent of taxation and priority areas for expenditure and this must occur through an honest and informed debate on collective and individual needs and expectations.

Please do not hesitate to contact me on 07 3840 1444 should you require any additional information or clarification on aspects of our submission.

Yours sincerely



GAY HAWKSWORTH

Secretary