

11 February 2005

Chair
Productivity Commission
Economic Implications of an Ageing Australia
PO Box 80
Belconnen ACT 2616

Email: ageing@pc.gov.au

Re: Productivity Commission Inquiry into the Economic Implications of an Ageing Australia

Thank you for the opportunity to provide a submission to your inquiry into the economic implications of an ageing Australia.

The Queensland Nurses' Union (QNU) has a particular interest in this important issue and has made submissions to both the federal and Queensland governments in recent years on matters of direct relevance to your inquiry. We attach two such submissions for your consideration. The first is a submission that we made to the Treasurer Peter Costello last year on Australia's demographic challenges. The second document (referred to in our submission to Treasurer Costello) is our submission to the Queensland Work and Family Taskforce that was convened in 2002 but unfortunately never provided a final report. We provide this to your inquiry because we firmly believe that many of the demographic challenges confronting Australia will necessitate a significant cultural shift in our workplaces, and initiatives that aim to better reconcile work and family responsibility will be central to facilitating workforce attachment for workers of all ages.

The Australian Nursing Federation (ANF) federal office is making a submission to this inquiry on behalf of all of the state branches of the ANF, including the QNU. We support the submission of the ANF and commend it to your inquiry.

Rather than revisit in detail the points made in the submissions that we provided to the Treasurer and the Queensland Work and Family Taskforce we request that you consider these documents and contact us should you require any additional information or clarification on issues raised. We will however summarise some key issues that we believe must be addressed if we are to be adequately prepared for the demographic challenges that confront us. These issues are consistent with the recommendations made to the Treasurer in our 2004 submission and we will revisit these now.

Process issues

There is a need for a coordinated, inclusive and well resourced approach to the devising and implementation of strategies to address Australia's demographic challenges. Input will be required from a number of disciplines/areas of expertise given the diversity of issues that will require attention. The process must be inclusive if we are to achieve success. The changes will require open dialogue and a multifaceted approach given the breadth of issue, and consensus must be achieved on the best ways to address areas of concern.

In our submission to the Treasurer last year the QNU recommended that: *A high level steering committee be established with representation from these key stakeholder groups to oversee the identification, prioritisation, implementation and review of agreed policy initiatives. A number of working parties/reference groups or expert panels (such as a National Health Reform Council) should also be established to inform this steering committee given the disparate nature of the areas requiring policy attention.*

We believe this recommendation remains relevant, especially given that various state and territory governments are key players and are in the process of addressing demographic challenges and associated issues such as skills shortages. In recent years other key stakeholders, including unions such as the ANF/QNU, have undertaken significant work identifying relevant issues of concern and recommending strategies to address these (e.g. in areas such as the current nursing skill shortages, the need for broader health policy reform and our current industrial relations framework). It is important that this work and activity undertaken to date by government at all levels is appropriately captured in the policy debate on demographic challenges. In our view the establishment of a high level and broadly representative and inclusive national steering committee with relevant sub committees would be the best way to ensure this occurs and that the debate is progressed.

Health related matters

There are a myriad of health related matters that need to be considered by this inquiry. The QNU has made many submissions on these issues in recent years and would be happy to provide additional information from these submissions to the Productivity Commission should you require this. We will simply highlight some issues that we believe to be addressed at this point and additional information on suggested strategies will be provided upon request. These include but are not limited to issues such as:

Nursing workforce issues including but not limited to: the national and international nursing skill shortages and strategies to improve the recruitment and retention of nurses; the substitution of qualified nursing personnel with unqualified personnel; the impact of the ageing of the nursing workforce; the increasing trend towards part-time employment by nurses; current and future skill mix and workloads and the impact this has on quality patient care; and the lack of an integrated and well resourced nationally coordinated strategy to address nursing workforce issues in a comprehensive and meaningful manner. These nursing related issues are significant enough in their own right, especially given the integral role that nurses play to the delivery of health service. Nurses constitute the largest single occupational group in the health and aged care sectors and are responsible for coordinating care 24 hours a day, seven days a week.

Health and aged care policy issues including but not limited to: the lack of progress on the health policy reform agenda in recent years and the need to establish a national Health Reform Council as a matter of urgency; the growth in individual out of pocket expenses for health services; the decline in bulk billing levels; the need to review the efficiency and effectiveness of the 30% rebate for private health insurance; the best ways to address the drivers for increasing health care costs; access blocks in health; inappropriate health service utilisation; the lack of adequate emphasis on primary health care; medical officer remuneration (including current fee for service arrangements) as well as activities that limit the supply of doctors (particularly specialists); strategies to enhance improved consumer input into health service delivery and priority setting; the potential adverse consequences for health care arising from international trade agreements (e.g. potential increased cost of drugs); the lack of accountability for the government funding to providers of aged care services; and ensuring appropriate standards of care in aged care settings (especially given the impact of ageing in place and staffing levels and skill mix in aged care facilities).

Skills shortages

The QNU believes the issue of current and projected skills shortages in a wide variety of fields requires particular attention and direct intervention by government. In recent times significant media attention has focused on skills shortages in traditional trades areas. This appears to have focused attention of government and business alike because of the more easily quantifiable economic costs associated with not addressing such shortages.

Unfortunately despite significant shortages in all specialty areas of nursing in recent years it appears to us that the same level of urgency has not been attached to addressing the nursing shortages that exist in Australia and overseas. Since 2002 there have been various investigations of the problems in nursing - a Senate Inquiry into Nursing and a National Nursing Education Review, both of which identified strategies to address the shortages. Yet the response from government in particular has been both insufficient and piecemeal. To date two major strategies to deal with the shortages have been to cut services (a strategy that suits the public sector given budget constraints) or substitute qualified nursing personnel with unqualified workers (a strategy that has consequences for quality of care).

The failure to appropriately address the current shortage of nurses should be of concern to your inquiry given the projected demand for health services arising from the ageing of the population. The nursing workforce is ageing too (the average age of an employed nurse now in excess of 42 years) so it is particularly important that specific strategies are introduced not only to recruit younger nurses but particularly to retain them in nursing. (Strategies to assist in the balancing of work and family responsibilities are particularly important for this age cohort.)

The QNU believes it is essential 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 identify and implement adequately funded strategies to address areas of shortage. In our view specific priority must be given to areas of particular or profound shortage such as nursing. The union is concerned that insufficient attention will continue to be given to nursing shortages because the direct economic impact of the shortages is more difficult to quantify. Too many employers of nurses fail to adequately value the skills of nurses and believe their role is easily transferable to lesser qualified or unqualified personnel.

Workforce attachment

Significant changes will need to occur at the workplace level if we are to address the ageing of the workforce. The magnitude of the cultural changes required in many (if not most) workplaces will be immense in our view. Not only will there need to be greater flexibility exhibited by employers but government intervention will be required to support employers to implement necessary change. For example, the government will eventually have to bite the bullet and introduce a proper universal paid maternity leave scheme.

There will also need to be a change in attitude exhibited by many with respect to the legitimate role that unions have to play in facilitating the required workforce transformation. This workforce transformation will be best implemented through partnerships. Cooperation, not confrontation is what will achieve this. It would be wise for the federal government to accept this now and refrain from their anticipated “big bang” approach to further industrial relations reform in this country. A divisive and short sighted approach to industrial relations will only serve to prevent the timely introduction of higher priority workplace reform. The ideologically driven agendas identified by the Howard government miss the main points and priorities. While we all waste time dealing with such divisive issues attention is diverted away from issues that we believe are of much higher priority given the ageing of the workforce.

It is our strong view that the particular needs of an ageing workforce are best identified and articulated by industrial organisations of employees. These organisations provide the most cost effective mechanisms for redressing difficulties that ageing workers are likely to face.

The QNU believes that the following issues in particular need to be afforded high priority:

- Implementation of a universal tax payer funded 14 weeks paid maternity leave scheme and encouragement of 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.
- 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.

Retirement income issues

There are a number of significant policy issues associated with retirement incomes that will require particular attention if we are to encourage appropriate workforce attachment for older workers. (It must also be acknowledged that there are impediments to continued workforce attachment for some older workers due to the very nature of their work. For example, nursing and some tradespeople engage in physically demanding work and in the case of nurses this often involves continuous shift work which may also be difficult for older workers to perform. Specific consideration of issues for these workers will be required for occupational groups, especially when there are skills shortages evident.)

The federal government should be commended for implementing a number of initiatives in superannuation policy that aim to address some of the impediments to workforce attachment for older workers. However more policy changes are required. Given the complexity of both the superannuation and social security systems further close attention is required. Additional initiatives that assist to improve retirement savings are also required given that some workers remain in the workforce for longer than they should because they literally cannot afford to retire. For example, the vast majority of nurses did not have access to superannuation until the introduction of occupational superannuation in the late 1980s. This late access to superannuation coupled with usually discontinuous and/or part time work patterns means that the majority of nurses are woefully under-superannuated. Increasingly the union is noting contact from members who are working into their 70s, not through choice but rather because they have inadequate means to enable comfortable retirement.

Although on the one hand it is appropriate to implement measures to facilitate appropriate workforce attachment for older workers when this is desired, it is just as important that we achieve a balance and ensure adequate retirement incomes are available to those older workers who are unable to remain in the workforce due to health reasons or the rigours of their job. No worker should be compelled to “work until they drop” because of either inadequacy of retirement incomes or compulsion on the part of government to work beyond current retirement age. There should be additional incentives offered for delaying retirement (the current federal government’s Pension Bonus Scheme is a good start but more could and should be done in this area). It is also essential that current impediments to appropriate workforce participation by older workers that exist in the superannuation and social security systems must be addressed at the same time. A holistic approach needs to be taken to the needs of older workers in this regard. With the increasing shift to a user pays health system out of pocket health care costs increased for all Australians in recent years. Health care costs increase as we age. Additional strategies that will assist all older Australians (be they in or out of the paid workforce) to meet health care costs will be required.

Similarly state governments have a role to play in addressing barriers to older workforce attachment, especially for their employees. For example, we have recently written to QSuper (the Queensland public sector superannuation scheme) on behalf of members seeking amendment to their existing policies with respect to disability and death insurance coverage for their members. (Currently income protection insurance ceases at age 60 for members of the accumulation scheme whereas members of the Defined Benefit scheme are able to claim the benefit while they are still employed. Death coverage ceases at age 60 for Accumulation scheme members and age 55 for Defined Benefit scheme members. In any case, all units of insurance for all members at age 60 have a zero value.) Review of such arrangements must occur given workers will be living longer and increasingly expected to work past age 65.

The QNU believes that a number of initiatives are required if we are to provide a balanced policy response that both enures adequacy of retirement income for Australians and removes current barriers to continued employment for those older workers who wish to remain in the workforce. Particular attention needs to be paid to:

- Investigating and addressing impediments to workers currently receiving a standardised entitlement to superannuation and improving compliance mechanisms. (We must ensure that all Australian workers are receiving the current 9% Superannuation Guarantee (SG) entitlement before embarking upon strategies to improve levels of superannuation contributions). A specific problem also exists for most Queensland shift workers (and we understand for some limited categories of workers elsewhere) is that an anomaly exists results in the 9% SG contribution for these workers being calculated on base salary rather than total salary including shiftwork. (The federal government has legislated to remove the anomaly in 2008 but this timeframe is unacceptable to the QNU.)
- Abolishing contribution tax on superannuation.
- Increasing the level of the SG to 15%, the figure most experts agree is a minimum level to enure an acceptable level of retirement income.

- Removing 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).
- Implementing more incentives for saving through superannuation – the government’s existing co-contribution scheme is a good start.
- Introducing 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.
- Introducing 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).
- Increasing 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.
- Addressing other structural impediments to continuing workforce attachment for older workers (for example, reviewing and raising when necessary age limitations for income protection insurance for older workers).

Thank you once again for the opportunity to provide input into this important review. As stated earlier, the Queensland Nurses’ Union would be happy to provide the Commission with any additional information or past submissions of relevance to this inquiry. Please contact me or in my absence QNU Project Officer Beth Mohle should you require any further input for our organisation.

Yours sincerely,

Gay Hawksworth
SECRETARY