

Submission to Treasury

Legislating the objective of superannuation

March 2023

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Introduction

The Queensland Nurses and Midwives' Union (QNMU) thanks the Treasury for the opportunity to comment on *Legislating the objective of superannuation*.

Nursing and midwifery is the largest occupational group in Queensland Health (QH) and one of the largest across the Queensland government. The QNMU is the principal health union in Queensland covering all classifications of workers that make up the nursing and midwifery workforce including registered nurses (RN), midwives, nurse practitioners (NP) enrolled nurses (EN) and assistants in nursing (AIN) who are employed in the public, private and not-for-profit health sectors including aged care.

Our 70,000 members work across a variety of settings from single person operations to large health and non-health institutions, and in a full range of classifications from entry level trainees to senior management. The vast majority of nurses and midwives in Queensland are members of the QNMU. As the Queensland state branch of the Australian Nursing and Midwifery Federation, the QNMU is the peak professional body for nurses and midwives in Queensland.

Through our submissions and other initiatives, the QNMU expresses our commitment to working in partnership with Aboriginal and Torres Strait Islander peoples to achieve health equity and ensure the voices of Aboriginal and Torres Strait Islander nurses and midwives are heard. The QNMU supports the Uluru Statement from the Heart and the call for a First Nations Voice enshrined in our Constitution. The QNMU acknowledges the lands on which we work and meet always was, and always will be, Aboriginal and Torres Strait Islander land.

General comment on inequity

The QNMU has long advocated for a superannuation scheme that actively tackles issues of inequitable wealth distribution, and enables all Australians to enjoy a dignified retirement.

In 2014, the Financial System Inquiry recommended legislating a superannuation objective. In our response to the consultation for the *Superannuation (Objective) Bill 2016*, we highlighted how outdated attitudes towards traditional gender roles, and its impact on employment and financial security, have significantly disadvantaged women in the workforce and in retirement.

The determinants of gender pay inequality are complex, interconnected, and compounding. Some contributing factors include workforce participation, the historical and continued undervaluing of women's work, workplace conditions, and casualisation and precarity of employment (Australian Nursing & Midwifery Federation, 2017).

As of February 2023, the gender pay gap stands at 13.3% based on average weekly ordinary fulltime earnings across all industries and occupations, meaning that on average, women earn \$253.50 less than men each week, which adds up to \$13,182 per year (Workplace Gender Equality Agency, 2023). Women who work in the healthcare industry, such as nurses and midwives, are also more likely to experience gender financial inequality as they near retirement age compared to other industries (Workplace Gender Equality Agency, 2022).

The gender superannuation gap between women and men is reportedly between 20 to 35 percent (KPMG, 2021), meaning that on average, women in Australia have less in their superannuation fund compared to men across all age groups (Clare, 2022). A recent analysis based on median income figures estimate that women retire with \$136,000 less in superannuation than men (Littleton & Jericho, 2023).

Nursing and midwifery are heavily feminised professions, with 88.4% of employed nurses and midwives identifying as female (Australian Institute of Health and Welfare, 2021). Gender pay inequity and its effect on superannuation therefore continues to be a priority issue for the QNMU.

We also highlight the urgent need for equity for First Nations peoples when considering superannuation policy and review. A recent study found that on average, the superannuation balances of First Nations people upon retirement were less than half that of non-Indigenous Australians and that two-thirds of First Nations people are estimated to have retirement incomes below a “modest standard” of living (Dockery, et al., 2020). These issues are in part the result of systemic inequities leading to lower life expectancy, lower employment rate and workforce participation, and lower earnings and income (Australian Institute of Health and Welfare, 2021). The current superannuation structure, which values those who are employed for longer and have a higher income, is another systemic structure that disadvantages First Nations people.

The government already recognises the need for equitable access to health and aged care by enabling First Nations people to be eligible for public aged care services upon reaching 50 years of age (compared to 65 years for non-Indigenous people). However, the same principles of equitable access have not as yet extended to superannuation.

It is therefore vital that the objective of superannuation considers the health and socio-economic disparities among different demographic groups.

1. What do you see as the practical benefits or risks associated with legislating an objective of Australia’s superannuation system?

The QNMU believes that legislating an objective of superannuation is an opportunity to enshrine principles underpinning the direction and oversight of future public policy

that reflect social expectations of an equitable and fair superannuation system for a dignified retirement. It is expected that a legislated objective will provide a consistent and enduring guideline to superannuation that protects the scheme against future adverse legislative or policy change, or attempts to undermine the system.

2. Does the proposed objective meet your understanding of the objective of the superannuation system in Australia?

The QNMU supports the proposed objective:

[...] to preserve savings to deliver income for a dignified retirement, alongside government support, in an equitable and sustainable way.

However, while the term “dignified” is intended to denote “the importance of financial security and wellbeing in retirement,” it raises the question of what constitutes a dignified retirement and highlights the need for further debate in the community to gain consensus on this topic.

The QNMU posits that financial security and wellbeing in retirement is intrinsically tied to essential factors including (but not limited to) access to high-quality universal health and aged care, and safe, affordable and secure housing. All elements of a dignified retirement must be addressed holistically or there will be continued pressure from people to access their superannuation for living expenses, such as medical needs or housing.

3. Is the proposed approach to enshrining the objective in legislation appropriate? Are there any alternative ways the objective could be enshrined?

The QNMU supports the proposed approach to enshrining the objective in legislation, however we wish to also highlight that further detail is required in outlining how the government intends to ensure that the objective is given appropriate effect.

4. What are the practical costs and benefits of any alternative accountability mechanisms to the one proposed?

No comment.

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