



**Submission to  
The Productivity Commission**

***Superannuation Efficiency and Competitiveness***

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## **Introduction**

The Queensland Nurses' Union (QNU) thanks the Productivity Commission (the commission) for the opportunity to make a submission to the Inquiry into Superannuation Efficiency and Competitiveness.

Nursing and midwifery is the largest occupational group in Queensland Health (QH) and one of the largest across the Queensland government. The QNU is the principal health union in Queensland covering all categories of workers that make up the nursing workforce including registered nurses (RN), registered midwives, 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 more than 53,000 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 in Queensland are members of the QNU.

## **Purpose and Principles of Superannuation**

More than two decades ago, unions in partnership with the Labor Government established universal superannuation for Australian workers. As a highly feminised and ageing workforce, superannuation is a significant issue for nursing and midwifery.

In developing criteria to assess the efficiency and competitiveness of the superannuation system, the QNU has identified the following central principles that must continue to underpin its operation:

- Superannuation arises from employment. It is a system of deferred wages designed in the first instance to benefit workers. It must stay as an item within awards and other industrial instruments to ensure workers and their representatives are able to negotiate improvements during enterprise bargaining and to protect those who remain award reliant;
- Trade unions must continue to be involved in the management of industry superannuation funds. Union trustee representatives on superannuation fund boards undertake a critical extension of their every day activism on behalf of members. It is imperative unions continue to advocate for members across their lifespan by promoting strategies that provide dignity in retirement. This includes the optimisation of retirement savings through superannuation and campaigning for the maintenance and

enhancement of non-superannuation related factors that contribute to an adequate and secure retirement such as health care and housing;

- The regulation of superannuation must be sound and mitigate against risks to workers. Superannuation funds were established to build and protect workers' income for retirement. The role and powers of the Australian Prudential Regulation Authority (APRA) the superannuation regulator must also be taken into account when assessing the superannuation system.

## Women in Retirement

In our recent submission to the Australian Treasury's inquiry into the *Objective of Superannuation*, the QNU agreed with the proposed primary objective and also recommended the subsidiary objectives include the following:

- recognise the particular difficulties women and low income earners face in contributing to and benefiting from the scheme;

The fourth subsidiary objective be amended to read:

- be invested in the best interests of superannuation fund members **where these investments are ethically and environmentally sustainable.**

We sought these fundamental assurances to ensure the superannuation system protects consumers and because women face unique challenges when it comes to retirement savings. Lower pay, time out of the workforce to raise children, caring for elders, running a single-parent household, illness and divorce are some of the many hurdles they face throughout their lives. However, despite these factors, women do not form a 'niche' market. They are a powerful consumer group that makes significant contributions to the nation's economic and social wealth. Women's long term economic disadvantage lies in the assumptions underpinning superannuation where the key feature of its design is protracted, continuous periods of employment over which employers and workers make contributions. It is a grand design, but one ultimately failing women and those with interrupted employment.

Their disadvantage is exacerbated by the gender wages gap<sup>1</sup> currently standing at 18.8% (Australian Bureau of Statistics, 2014a), the fact that women live longer than men

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<sup>1</sup> The gender wages gap is the difference between women's and men's average weekly full-time equivalent earnings, expressed as a percentage of men's earnings. Based on 2014 data, this means on average, a man working full-time earns \$1,587.40 per week whereas a woman working full-time earns \$1289.30 per week. That equates to difference of \$298.10 per week (ABS, 2014a; Workplace Gender Equality Agency, 2015).

(Australian Bureau of Statistics, 2014b) and other structural factors that effectively reduce women's lifetime earnings and their superannuation contributions. The FSI (Commonwealth of Australia, 2014) identified significant scope for the superannuation system to meet the needs of superannuation fund members better and provide broader benefits to the financial system and the economy.

If the objectives for the superannuation system are to have broad community support and align policy settings, industry initiatives and community expectations we suggest they should recognise the particular difficulties women and low income earners face in contributing to and benefiting from the scheme.

The FSI (Commonwealth of Australia, 2014, p.96) noted the superannuation system does not have a consistent set of policies that work towards common objectives. For example, the current framework provides significant support and guidance to superannuation fund members during the accumulation phase through mandatory savings and default arrangements. However, the framework does not provide the same degree of support at retirement when individuals confront a complex set of financial decisions.

In our view, unless the subsidiary objectives explicitly recognise the significant structural and social impediments that are currently confining many women to low incomes during their working lives, then there will be no impetus to instigate measure to address this disadvantage in retirement.

These barriers can be overcome if governments make a sincere commitment to social and wage justice and structure the superannuation scheme so that it accommodates women's work and family responsibilities. Until women's rights to economic security are realised and they are engaged as fully and productively as they can in the workforce then over 50% of the nation's population will not be able to contribute to their capacity - and that is a massive productivity loss.

## **Recommendation**

The Australian Institute of Superannuation Trustees (AIST) is a national not-for-profit organisation whose membership consists of the trustee directors and staff of industry, corporate and public-sector funds. As the principal advocate and peak representative body for the \$650 billion not-for-profit superannuation sector, AIST plays a key role in policy development and is a leading provider of research.

The QNU supports the submission and recommendations of AIST. In summary AIST contend efficiency and competitiveness criteria must:

- increase consumer protections and be consistent with an effective default system based on the model designed by the Productivity Commission for the Fair Work Commission;
- be consistent with legislated superannuation objectives;
- make better use of new technologies;
- address anti-competitive behaviours arising from vertical integration and principal-agent relationships;
- focus on long-term net returns to members and optimise retirement incomes.

## References

Australian Bureau of Statistics (2014a) *Average Weekly Full-Time Earnings* Cat no. 6302.0.

Australian Bureau of Statistics (2014b) *Life Expectancy at Birth* based on Deaths Australia cat no. 3302 retrieved from <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/4125.0main+features6155Aug%202015>

Commonwealth of Australia (2014) *Financial System Inquiry Final Report*.

Workplace Gender Equality Agency (2015) *What is the Gender pay Gap?* Retrieved from <https://www.wgea.gov.au/addressing-pay-equity/what-gender-pay-gap>