



Submission to the Senate Select Committee into the Abbott Government's Budget Cuts

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ANMF Journals

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**Australian Journal of
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Introduction

The Australian Nursing and Midwifery Federation (ANMF) is the national union for nurses, midwives and assistants in nursing with branches in each state and territory of Australia. The ANMF is also the largest professional nursing organisation in Australia. The ANMF's core business is the industrial, professional and political representation of its members.

As members of the union, the ANMF now represents over 240,000 registered nurses, midwives and assistants in nursing nationally. They are employed in a wide range of enterprises in urban, rural and remote locations, in the public, private and aged care sectors including nursing homes, hospitals, health services, schools, universities, the armed forces, statutory authorities, local government, and off-shore territories and industries.

References in this submission to nurses includes midwives. Over 90% of midwives in Australia also hold qualifications as registered nurses.

We thank the Senate Select Committee for the opportunity to comment on the Abbott Government's budget cuts and the effect of these cuts on the Australian community.

Overview

The ANMF believes government has a vital and effective role to play in the delivery of quality, cost effective services, including healthcare, education and social services. As such governments' budgets should be designed to fulfil this role effectively. However, the Abbott Government's budget attempts to minimise this role and, in the view of the ANMF, abrogate its responsibility to deliver important services to its citizens.

The Federal Government's budget intention to shift focus from 'entitlement to enterprise; from welfare to work; from hand-out to hand-up' is misguided, inappropriate and will be so ineffectual that it becomes cruel.

The Abbott Government's Budget seeks to impose more costs and risks on to individuals through a very unfair distribution of resources rather than meet people's basic needs through equitable collective programs and processes and cost-effective government management.

The ANMF is very concerned that the Abbott Government has given such little attention to the nation's revenue and fair ways of increasing government income. The Government could have reasonably considered a range of tax options. These include a financial transactions tax on speculative trading and the closing of various business and investment tax loopholes, as effective ways of moderately increasing the tax contribution from those more than capable of affording it.

The ANMF considers that this federal budget marks the beginning of a wide-ranging agenda to change Australia through economic policy based on neo-liberal principles of small government and large private interests. We are deeply concerned that this budget will dramatically worsen inequality and change the very nature of Australian society.

The blueprint for this agenda was laid out by the Government's Commission of Audit report, and its implementation has commenced with the 2014/2015 Budget.

The ANMF commissioned a detailed analysis of the Commission of Audit report, which is attached to this submission for the information of the Committee. This paper outlines the details of the ANMF's suggested policy directions for the budget.

Government revenue and spending

The ANMF rejects the premise that markets should be the starting point for good public policy. Assuming that surpluses have inherent value and setting revenue targets without any reference to the good of the people or the specific needs of the community are flawed approaches.

Human rights are the starting point for good public policy. We consider that it is the role of governments to ensure the basic needs of people, such as food, shelter, quality healthcare and education, are available, accessible and affordable.

Governments are best placed to run many programs and risk-management systems and can do so more equitably and cost-effectively for society as a whole than the private sector.

The ANMF therefore considers that it is inappropriate to "limit the size of government" as has been espoused by the Abbott Government. Instead, governments must continue to play a major part in making life fairer and more secure for all, not just the "most" disadvantaged,

the term we now find creeping into political discourse. Governments should provide important quality services for all, not just a safety net.

Our recommendation is to increase government capacity to fund important services for the community through restructured taxation and fairer distribution of resources.

Health

The ANMF is the largest health professionals' organisation in Australia and, consequently, has considerable experience in, and knowledge of, the healthcare sector. The comments on health below are an overview of the ANMF's position on the health budget as we will provide a detailed submission outlining our views on the health budget and our alternative policy proposals to the Senate Select Committee on Health.

The ANMF considers healthcare based on clinical need to be a human right and patient care must always take precedence over profits.

As a result, we are extremely concerned by the Government's proposed budget cuts to health as we do not accept the idea that Australia is on an unsustainable spending path in this vital policy area or that the size of the health budget, as a proportion of GDP, is growing unsustainably. We believe that Australia has a manageable health budget, even as the population ages over the next few decades, and there is actually scope to increase the role of government in health care.

The ANMF therefore rejects the need for the expenditure cuts, greater private contribution and "small government" proposals for healthcare as would be achieved by the series of mandatory copayments, the cuts to funding for state and territory hospitals and increasing the role for private health insurance companies included in the Government's budget proposals. If implemented these measures would bring irrevocable damage to Medicare and our health system.

Much better options include exploring reform ideas such as substantial reviews of the MBS and PBS, ensuring all care is evidence-based and increasing scopes of practice for health professionals as appropriate, particularly for nurses and midwives. For example, the majority of items listed on the MBS are longstanding, as are the bases for their item fees. Only a very small proportion of these items have been assessed against

contemporary evidence of safety and effectiveness. It has been estimated that 30% of care is either ineffective or actually harmful. It is these areas that need to be examined for efficiency. The option of seeking savings through further rationing is lazy and unnecessary.

The ANMF has been involved in such discussions with governments for many years. ANMF branches are also regularly involved in negotiations, including during wage and workplace agreement negotiations, aimed at improving the efficiency, productivity and efficacy of the health and aged care systems. Nurses and midwives know their workplaces intimately and are always developing, as responsible professionals, better ways to practise. Such changes must be based on improving and expanding quality services to the community and not simply introduced as a way to cut costs.

Education

The ANMF is strongly opposed to the Abbott Government's 2014 budget decision to deregulate university fees.

It is true that tertiary qualifications can help people earn high incomes. However, that is not true for the vast majority of university courses today and most graduates are in middle income careers such as nursing, midwifery and teaching.

Australia's health system depends on sufficient people completing nursing and midwifery degrees and entering these professions on graduation. Dramatically increasing the cost of nursing and midwifery courses, as preliminary data suggest will happen under deregulation, could have serious implications for the ongoing sustainability of the nursing and midwifery workforces.

Currently, there are more people wanting to study nursing than there are places available but unregulated fees will result in a level of cost that will deter many and will simply make nursing impossible for students from lower socio-economic backgrounds.

The immediate impact of such radical fee increases on nursing and midwifery is obvious but the sinister element lurking in the detail of the proposed university deregulation is the Abbott Government's introduction of American-style privatisation of Australia's universities. It could result in the removal of distinctions between public, private and overseas

institutions and therefore the obligation for universities to focus on contributions to public good for the Australian community.

This means that there will be some universities which will choose income over contributions to society and withdraw from even offering nursing or midwifery degrees.

The Abbott government's changes also risk imposing significant costs on older students, many of whom are forced back to education because of structural changes in the economy and the need to enhance existing skills or learn a new career.

Graduates who take a career break to have a family or care for children will also be hit with higher rates of compounding interest while not earning, which would be a disaster for the thousands of ANMF members who take a year or two away from nursing or midwifery to have children. This is particularly concerning to the ANMF as 90% of the profession is female.

The Abbott Government's budget cuts to education will reverse important social and economic achievements, which benefit everyday Australians, while refusing to address important tax revenue opportunities and acknowledge the role of government in maintaining equitable access to, and reasonable cost-structures associated with, a university education.

The core function of Australia's universities and other higher education facilities is to provide the nation with a competent, skilled and sufficient workforce, across a wide range of disciplines. The Budget should be structured to ensure that this outcome is achieved.

Retirement, Ageing and Aged Care

The ANMF rejects the idea that retirees and older people are a burden on society.

The ANMF is very concerned by the Government's intentions to place more pressure on aged pension and retirement incomes through cuts and reductions to rates, eligibility and some benefits. The Government appears to have no recommendations which review the revenue that is lost in tax concessions given to wealthy superannuants in the budget or elsewhere. Instead the Government has chosen to attack the superannuation of ordinary working people.

The ANMF does accept that life expectancy is increasing in Australia and there is community-wide discussion about retirement and superannuation including extension of the pension and superannuation eligibility ages. These latter two issues are dealt with by the Commission of Audit and the 2014/15 Federal Budget. The ANMF agrees this is a legitimate and important debate.

In fact, many nurses and midwives are already, for various reasons, working into their late 60s and even 70s. There is no doubt there are positives in keeping older people active and engaged in society, especially through work. It can be good for the emotional and financial wellbeing of the individual and society also accesses considerable skill and experience for longer.

However, the nursing and midwifery professions are also strong examples of the risks associated with increasing the aged pension eligibility age. Like many other occupations nursing and midwifery can be physically demanding. Sprain and strain injuries are common and they are exacerbated by age.

The reality is that while some nurses can continue working as they age many cannot. If the pension eligibility age is increased again, as proposed by the Commission of Audit and also in the 2014/15 Federal Budget, then income security options for such people will have to be addressed.

Protections such as strong disability pension, unemployment benefit and workers' compensation schemes are essential otherwise many older workers could be left destitute if they are not fit enough to work or they cannot find employment because of age bias.

In recent years governments have been eroding workers' compensation benefits paid to injured workers and reducing the eligibility criteria. The ANMF is concerned that further restrictions to the disability pension, unemployment benefits and other income security protections for working people will add considerably to the risk for older workers if the retirement age is increased.

Aged Care

The 2014/15 Federal Budget axed the Aged Care Workforce Supplement, which had been secured after many years of campaigning for improved wages and conditions for aged care

nurses, without any real consultation or consideration of its impact for the sector. The result is that aged care providers have received the funding increase but are now under no obligation to ensure that it is spent on securing a sufficiently qualified and skilled workforce.

While this will see the nursing workforce in the aged care sector continue to receive lower wages than other sectors, the greater risks are that it will see nurses replaced altogether because of the temptation for providers to seek lower skilled and possibly even untrained labour.

The reality is that many aged care providers focus on their commercial interests and lose sight of why they are funded and why they are allowed to charge residents fees and bonds. A significant number of providers will take any measure possible to minimise their labour costs, even if this means compromising the skill mix of staff or reducing the nursing hours provided.

It is clear that the Government has chosen to place the profits of some aged care providers ahead of the interests of thousands of aged care nurses and care workers and most importantly, aged care residents.

In addition, the Abbott Government's Federal Budget removes the Dementia and Severe Behaviours Supplement. The abolishment of the \$16 a day supplement, introduced as part of the previous Government's *Living Longer, Living Better* aged care package of reforms, will have a significant impact on the quality of care being delivered to elderly, vulnerable Australians.

The supplement was intended to assist in the care of dementia sufferers acknowledging the high proportion of residents with some degree of dementia and the extra costs associated with their care. Removing the supplement denies the additional needs of those with dementia and the extra nursing skills required in providing appropriate care to them. This measure is another example of this budget's lack of regard for the most vulnerable members of our community.

There are not enough nurses in aged care and they continue to be the most financially undervalued of all nurses. The abolition of the payroll tax supplement, paid to the for-profit providers, will exacerbate this situation further placing more pressure on staffing and wage levels.

These issues require urgent attention; the ANMF will continue to campaign for improvements in aged care, including greater regulation and accountability, through:

- securing a greater wages share for nurses employed in aged care, who, since the Howard Coalition Government's first round of aged care deregulation in the late 1990s, now earn considerably less than their colleagues in the hospital sector;
- improving nursing staffing numbers and skill mix so staff can provide quality, safer care;
- improving transparency and accountability in government funding and consumer payments; and
- licensing of all workers, including assistants in nursing/personal carers (irrespective of whatever job title their employer might give them), who are providing nursing in aged care.

Superannuation Guarantee

The Abbott Government's decision to place a 3 year freeze on the Superannuation guarantee is yet another attack on individual workers and everyday citizens, in particular female citizens.

The ANMF is extremely concerned that the freeze on super contributions will negatively impact on nurses and midwives for years to come. As is well documented, the major portion of the nursing and midwifery workforce is in their 40s and 50s and set to retire within the next decade.

When combined with the proposed changes in pension indexation, the freeze in the Super Guarantee will result in a 25% reduction in total retirement incomes for someone aged 45 today on average earnings. On top of this, women are already under-superannuated. Women's working lives frequently include interruptions to paid employment, which diminish their capacity to accumulate sufficient retirement savings. And, women's incomes are lower than men's but they live longer than men and so have to rely on their own financial resources for longer periods of time.

As the nursing and midwifery workforce is predominantly female this adds up to a grave retirement future for nurses and midwives. The freeze will mean nurses' and midwives' retirement may not be adequately funded and they may not have the savings to live on

once they finish work. A strong superannuation system with compulsory contributions of 12%, would ensure that working Australians can afford a decent standard of living in their retirement, whilst easing the pressure on the pension system.

Fair Entitlements Guarantee

By placing a cap on entitlements, the 2014/15 Budget will save close to \$90 million over four years from the Fair Entitlements Guarantee (FEG), a scheme which was introduced by the previous government to ensure that employers pay workers appropriate redundancy entitlements if they go out of business. Rather than receive the redundancy payments set out in a collective agreement, workers will receive only the minimum legal redundancy entitlements in the National Employment standards which will be capped at 16 weeks' pay.

These changes are concerning and in the view of the ANMF reflect yet another occasion where the Government is seeking to favour business at the expense of workers' entitlements.

Child care and paid parental leave

The overwhelming majority – about 90 per cent – of nurses and midwives are women. Many are mothers. Therefore, issues such as parental leave and child care, which impact on the family and work balance, are important to many ANMF members. These provisions have the potential to support maternal and child health and increase women's workforce participation.

The ANMF supports the concept of paid parental leave at the full Award or EBA rate for 26 weeks. However, in the context of severe cuts to other important programs and the failure to recognise that child care access and affordability are critical issues allowing workers to return to their own occupations, the Abbott Government proposal - which was to provide 26 weeks of pay at the primary carer's replacement wage including superannuation up to an income cap of \$150,000 (now reduced to \$100,000) - is currently out of step and difficult to support.

The ANMF also supports the concept that the cost and availability of child care can be as important as paid parental leave in assisting and improving the workforce participation of women.

There are certainly problems with the affordability and availability of child care for many families at the moment. Child care availability for shift workers such as nurses and midwives is a particular problem.

An additional concern for nurses and midwives is the requirement to meet mandatory practice standards in order to maintain their professional registration. This includes the need to ensure 'regency of practice' even while on extended periods of leave such as maternity leave. Nurses and midwives report that support with childcare would greatly facilitate this process.

The ANMF welcomes any efforts to improve the affordability and availability of child care services and will be monitoring the Abbott Government's handling of this issue carefully.

Conclusion

The ANMF does not agree with 'market ideology', which encourages competition rather than collaboration, as an effective or fair approach to governing Australia. In adopting this ideology, the Abbott Government's Federal Budget 2014/15 commences the Government's abrogation of responsibility to provide important services to all its citizens. The budget cuts are deeply unfair and we have grave concerns that this budget will dramatically worsen inequality and change the very nature of Australian society.

Therefore, the ANMF will continue to campaign against the damaging measures implemented and proposed by the Federal Budget 2014/15 and further ideas, outlined by the Commission of Audit, which seek to reduce the important role and contribution of government in society.

September 2014

Attachment

ANMF, QNU, NSWNMA 2014, *Aussie values: Worth fighting for!* – Nurses' and midwives' discussion paper on the Abbott Government's 2013-14 National Commission of Audit