



Submission of the Health Services Union

Submission to the Inquiry into the Retirement Income Review

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Authorised by Lloyd Williams, National Secretary

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About the Health Services Union

The Health Services Union (**HSU**) is a growing member-based union with nearly 90,000 members working across the health and community services sectors in every state and territory.

Our members work in aged care, disability services, community health, mental health, first response, alcohol and other drugs, hospitals and private practices. HSU members are health professionals, social workers, paramedics, disability support workers, aged care workers, personal and community care workers, physiotherapists, occupational therapists, diagnosticians, nurses, scientists, technicians, clerical and administrative staff, doctors, medical librarians and support staff.

We are committed to advancing and protecting the wages and conditions, rights and entitlements of our members through campaigning, education and workplace activism. The HSU also provides a range of services and support to assist members with many aspects of working and family life.

We are a driving force to make Australia a better place. We work to ensure the rights of not just our members, but all working Australians, are protected. Our work and advocacy are in recognition of the inextricable link between accessible, quality and safe healthcare and meaningful social and economic participation. A valued health workforce is central to delivery of outcomes.

HSU National is the trading name for the Health Services Union, a trade union registered under the *Fair Work (Registered Organisations) Act 2009*.

Introduction

Trade unions have played, and continue to play, a critical role in the securement of retirement funds for working Australians, with union advocacy delivering our globally recognised universal compulsory superannuation system. As a result, many working Australians are now able to leave the workforce with savings they otherwise would not have. This allows them to continue meaningful social and economic participation, the benefits of which are felt by all. The HSU therefore recognises the superannuation system as a fundamental pillar of our nation's economic and social infrastructure.

While we welcome the opportunity to contribute to this Inquiry, we are cognisant that it follows a long list of similar reviews, nearly all of which have implored Government to not only uphold and protect the superannuation system, but to strengthen it through, as examples, aligning the compulsory Superannuation Guarantee (SG) with rising costs of living, removing the \$450 per month threshold before the SG is payable, retaining the legislated increase to the SG to 12%, and introducing greater penalties for non-compliant employers and funds that do not act in the best interests of their members.¹ However, due in large part to politically motivated reform, structural social inequities and the changing nature of work, the superannuation system remains under threat and without change being directed where it is most needed. Many people are retiring into poverty, with a large proportion forced to become reliant on the woefully inadequate age pension or Newstart Allowance, the latter of which is estimated to be approximately \$320 per week below the poverty line.²

Key concern: Women and the superannuation system

The superannuation system in its current form structurally disadvantages women and exacerbates the gender wage gap. On average, women currently retire with \$90,000 less than men.³ With a membership that is predominantly female, older⁴ and working on minimum wage in physically and emotionally arduous roles, such as aged and disability personal care work, mental health nursing and community services, the HSU hears first-hand about the impact of low retirement incomes for women. A lack of retirement savings for women reflects the low social value placed on female dominated industries. Despite the high level of skill and arduous nature of care work, and growing demand for these workforces, employers and Government continue to justify sustaining low rates of pay and offering broken, non-full-time employment arrangements, claiming that women are better suited to these 'domestic' roles and work patterns because they reflect and accommodate the (unpaid) familial responsibilities in their personal lives. Reform to the superannuation system must address these interrelated and compounding social, economic and policy barriers for women.

Key concern: Changing nature of work and the superannuation system

The superannuation system is not keeping up with the rapidly changing nature of work. Employment arrangements are increasingly capsulised or at best part-time, and traditional employer to employee

¹ Pertinent Inquiries and Reviews into Superannuation include, but are not limited to, the Financial Services Royal Commission; the Productivity Commission Inquiry 'Superannuation: Assessing Efficiency and Competitiveness'; and the Senate Inquiry 'Superbad – Wage theft and non-compliance of the Superannuation Guarantee'.

² Davidson and others, *Poverty in Australia, 2018. ACOSS/UNSW Poverty and Inequality Partnership Report No. 2*, p. 50.

³ Australian Government Workplace Gender Equality Agency, February 2019.

⁴ The average age of a personal care worker is 46. 2016 National Aged Care Workforce Census and Survey (NACWCS) conducted by the National Institute of Labour Studies, on behalf of the Department of Health. The 2016 NACWCS was the fourth report of its kind, with preceding Census and Survey's undertaken in 2003, 2007 and 2012.

relationships and obligations are being eroded. For many, namely young and female workers, this is exacerbating the effect of deficiencies in the superannuation system on their retirement incomes. The rise in precarious employment⁵ disproportionately affects young workers and women who are more likely to work in industries such as aged care, disability support and community services, where low-wages and minimum hours contracts are common and individuals often take up additional jobs across multiple employers to survive. The HSU is concerned that reform to the superannuation system is not keeping pace with the changing nature of work and where reform is occurring, is only further disadvantaging the financial security for already at-risk employee groups.⁶

Key concern: Deliberate non-compliance with the superannuation system

As highlighted in the 2017 Senate Inquiry report, ‘Superbad – Wage theft and non-compliance of the Superannuation Guarantee’, deliberate employer non-compliance with the superannuation guarantee (SG) is common and carries a significant economic burden. Realising and pursuing deliberate non-payment of the SG is fraught with difficulties for individuals and there is little recourse available for them and their representatives, including unions and funds, to recover contributions. Deliberate SG non-compliance directly contributes to low fund balances, often through no fault or knowledge of the fund member, and is notoriously difficult to pursue and recover due to illegal company phoenix activity, under resourced Government departments, inadequate information sharing mechanism between Government departments, and resource intensity at the time the affected fund member is already realising financial loss and stress as a result of SG non-payment.

Key recommendations

The HSU recommends to the Inquiry that:

1. The SG be paid into employees’ accounts at the same time they are paid wages.
2. The \$450 per month minimum earning threshold for SG eligibility be abolished.
3. The SG be paid on every dollar earned, including allowances.
4. The SG be paid on both employer and Government paid parental leave, and the SG to be paid on workers compensation payments.
5. The mechanisms by which to identify, investigate and prosecute deliberate employer non-compliance with SG responsibilities be improved by increasing funding to the relevant Australian Taxation Office department(s), allowing super funds to act on behalf of members, and allowing unions act on behalf of members.
6. The penalties for deliberate non-compliance by employers be substantially increased.

The HSU provides this brief submission and set of recommendations to outline our concerns to the Inquiry. However, we make this submission in conjunction with those views and recommendations set out in the submission of the Australian Council of Trade Unions (ACTU). The HSU supports the ACTU submission in full and implores the Inquiry to support the ACTU recommendations.

⁵ Precarious employment is used here to refer to insecure work, such as casual, labour-hire, ‘gig-economy’, and underemployment.

⁶ As an example, the recent *Treasury Laws Amendment (Putting Members’ Interests First) Bill 2019*, removes default insurance from funds where a \$6,000 balance threshold has not been met. For young workers and/or workers in high-risk industries and/or precariously employed workers, this has removed an in-built income protection mechanism and created a burdensome onus of responsibility to continuously consolidate funds to a single account.