australian nursing federation

Submission Number: 97
Date Received: 4/9/08

Inquiry into pay equity and associated issues related to increasing female participation in the workforce

September 2008

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Introduction

The ANF welcomes the opportunity to make a submission to the House of Representatives Standing Committee on Employment and Workplace Relations inquiry into pay equity and associated issues related to increasing female participation in the workforce.

The ANF supports the submission of the ACTU and their recommendations included in this submission at page 14.

Further to the submission of the ACTU, the ANF wishes to address a number of issues particularly relevant to nursing although not necessarily specific to nursing employment. Please note that the reference to nursing includes registered nurses, midwives, enrolled nurses and assistants in nursing however titled.

Nursing remains a highly female dominated profession with males comprising 7.9% of employed nurses. The undervaluing of women's work in general is a critical factor in the many battles for fair wages and conditions for nurses across the different areas of nursing employment. Nursing work remains under-valued despite various wage cases, industrial campaigns, the widespread shortage of nurses and the numerous reports, inquires and reviews into nursing and workforce issues identifying improvements in wages and conditions as key issues in recruitment and retention of nurses and attracting students to nursing education. In nursing, the under-valuing of women's work is one part (albeit a significant one) of the gender pay gap that must be addressed. The submission will also identify other factors relevant to nursing that contribute to this gap.

The ANF is the national union for nurses in Australia with branches in each state and territory. The ANF is also the largest professional nursing organisation in Australia. The ANF's core business is the industrial and professional representation of nurses and nursing in Australia.

The ANF's 170,000 members are employed in a wide range of enterprises in urban, rural and remote locations in the public, private and aged care sectors, including hospitals, health services, schools, universities, the armed forces, statutory authorities, local government, offshore territories and industries.

The ANF participates in the development of policy in nursing, nursing regulation, health, aged care, community services, veterans affairs, education, training, occupational health and safety, industrial relations, immigration and law reform.

Demographics on the employment of Nurses

The latest published data for the nursing workforce is found in the Australian Institute of Health and Welfare (AIHW) publication *Nursing and Midwifery Labour Force 2005.*

According to the AIHW, there were 285,620 nurses licensed[1] in Australia in 2005. Of these, 230,578 (81%) were registered nurses and 55,042 (19%) were enrolled nurses.[2]

Not all licensed nurses are employed in nursing, however 89.7% of registered nurses and 87.4% of enrolled nurses are in the nursing workforce totalling 254,956 nurses. Of these 95.8% were employed in nursing; 1.2% were looking for work in nursing; and 2.9% were on extended leave. Of those nurses not in the nursing workforce, 45.7% were not employed; 47.6% were employed elsewhere; and 6.8% were overseas.[3]

The 2005 data shows that the largest proportion of nurses were employed in clinical practice (91.2% of registered nurses and 91.5% of enrolled nurses).[4] Of these, 31.5% were employed in the clinical practice areas of medical and surgical nursing; 15.3% were employed in gerontology; 14.4% in intensive care; 8.4% in maternity care; 7.5% in operating theatres; 6.3% in community health; and 5.7% in mental health.[5]

Approximately 59.0% of employed nurses work in public and private acute hospitals; 13.3% in residential aged care facilities; 9.0% in a community setting; 4.3% in psychiatric hospitals/mental health services and 14.4% in other nursing areas.[6]

Two thirds or about 62.6% of all employed nurses work in capital cities or metropolitan areas; 31.2% in rural centres; and 2.2% in remote areas. Nurse numbers in rural areas and remote areas rose by 15.7% and 13.3% respectively while population growth was 2.9% and 0.6% respectively.[7]

It was estimated in 2004 that there were about 67,661 unlicensed nursing or personal care assistants employed in the private residential aged care sector to assist nurses in the provision of nursing care.[8]

The AIHW reports an increase in the number of full-time equivalent (FTE) per 100,000 population from 1031 (FTE) in 2001 to 1133 (FTE) nurses per 100,000 population in 2005. This was due to both a 7.1% increase in the number of employed nurses and a 7.5% increase in

the average hours they worked.[9] AIHW also report that apparent changes in supply should be interpreted with care due to changes in the form of question asked about hours of work. It should be noted however that the 2005 FTE figure of 1133 FTE nurses per 100,000 population figure is below the FTE figure for 2004 (1138) and well below the figure for 1989 (1171).[10]

The nursing workforce in Australia is also ageing. In 2005, the average age for registered nurses was 45.0 years and for enrolled nurses it was 45.5 years. The proportion of nurses aged 45 years or over increased to 55.3% of the nursing workforce, with 19.1% over the age of 55 years.[11]

These figures have implications for nursing education and for workforce planning as over 50% of nurses will be contemplating retirement within the next 15-20 years and it is likely they will be those with the most experience and with specialist qualifications or expertise. There has been little change over time in the number of males employed in nursing, with males comprising 7.9% of the total national nursing workforce in 2005 (down from 8.4% in 2001).[12]

Nurses in Australia continue to turn to part time and casual work in an effort to manage their workloads. In 2005, 49.8% of nurses worked part-time (48.2% of the registered nurse workforce and 56.6% of the enrolled nurse workforce).

The average number of hours worked per week however increased slightly from 32.8 hours in 2004 to 33 hours in 2005 (33.3 hours for registered nurses and 31.6 hours for enrolled nurses).[13]

There has been an increase in the number of people completing undergraduate nursing courses each year between 2002 and 2006.[14] However, while the figures are improving this increase is not considered sufficient to meet the demand for nurses now or in the future.

Nursing workforce

The need to increase the labour force participation rate particularly of women is widely acknowledged. More specifically from a nursing perspective, the widespread shortage of nurses has focused attention on strategies for the recruitment and retention of nurses and other strategies in response to nurse shortages across the various areas of nursing employment. A number of factors concerning nursing workforce issues should be noted:

- Shortages in the supply of nurses nationally have been detailed in a number of reports and summarised in the Australian Nursing Workforce Advisory Committee (AHWAC) Report on nursing workforce planning.[15] It is estimated that for supply to meet demand, between 10,712 and 13,483 new registered nurses are required to enter the workforce in 2010. Currently just over 6000 registered nurses graduate each year. The same report also estimated that new enrolled nurse requirements were between 5,734 and 6,201 in 2010. In 2005 2,990 enrolled nurses completed their training.

- The AHWAC Report notes other important factors concerning nursing workforce planning including:

  - the general inadequacy of numbers of nursing graduates to meet demand (in terms of both replacement and growth in demand for health services);

  - the ageing of the nursing workforce (and projected retirements), decreasing hours worked and turnover will effect the ability of the nursing workforce to replace itself;

  - growth in demand for health services is expected to increase especially in the aged care sector but also across acute care sectors;

- The latest figures available through the AIHW Nursing and Midwifery labour force series show there are some 30,000 licensed nurses not in the nursing labour force. Approximately 46% of those in this category are not employed and not looking for work while roughly 48% are employed elsewhere and not looking for work in nursing. [16]

- The cost of recruiting new staff is variously estimated at between $15,000 up to the cost of an annual salary for senior staff. This cost does not include the time spent by managers and other staff on recruitment or the training costs of new staff members.

- A report into retention rates in NSW identified a high degree of movement between working and not working as well as a substantial number of nurses moving between sectors of employment. The report suggests these movements are the result of dissatisfaction with the current job and represent a search for better working conditions, indication that improvements in nurses' job satisfaction and retention would not only improve retention but reduce potentially inefficient search and job switches across type of premises and out of the nursing workforce. [17]

- Despite a number of initiatives to increase funded places for nursing students, there remains a significant undersupply of nurses to meet the future health needs of the community, particularly considering the ageing of the nursing workforce and the rapidly ageing population in the coming decades.

What causes the pay gap – contributing factors in nursing

Many factors contribute to the gender pay gap including the historical and continuing undervaluing of women's work, levels of workforce participation, workplace conditions and the way work is organised, tribunal processes and methods of setting wages and conditions, education and training and other workplace factors such as access to overtime and higher levels of casualisation and part-time work for females.

The impact of these various factors in nursing has not been the subject of vigorous research and in recent times. However some general comments can be made.

Undervaluing women's work

Not only is nursing a female dominated occupation, it is also part of a female dominated industry broadly described as health and welfare services. The degree of gender segregation in occupation, industry, workplace or "job cell" has been found to be a significant influence on wage rates of both women and men. Research reported in 1999 examining the relative contribution of different factors to the continuing pay gap suggested that segregation of work by industry, occupation and workplace caused a significant penalty for women, and the men who work alongside them. Further disaggregation of the results showed that the largest individual effect was for concentrations at industry level; that is women employed in industries that were close to 100% female dominated earned 32 percent less per hour than women with otherwise identical characteristics in industries that were close to 100% male dominated.

At an occupational level, the penalty for women being in a highly feminised occupation compared to one that is male dominated was 15% while women working in totally female dominated workplaces incurred an 18% penalty.

Applying the same analysis to men showed that otherwise identical men in almost female dominated industries received 37% lower wage rates than men in almost totally dominated industries.

Overall the research concludes that the pay rates of women whose jobs are simultaneously located in almost totally female dominated occupations, industries, workplaces and job cells, will be 43% worse off compared to women with identical characteristics apart form the fact that they work in jobs that are simultaneously located in almost male dominated occupations, industries, workplace and “job cells”.

This scenario is described by the researchers as the most extreme example, however nursing generally qualifies in all four measures of gender segregation identified in the research, with the potential “worse case” impact on the value placed on nursing work. They conclude that efforts to increase the “rewards” for those working in such jobs is an important strategy to narrow the pay gap.[18]

Wage setting processes

Nurses’ wages in Australia are predominantly set out in a number of nursing industrial agreements reached between the ANF and employers. The overall growth in agreements since 1996 reflects the move from a centralized Industrial relations system to one which is decentralized and where agreements have progressively replaced awards as the principle vehicle for wage movements. Nursing awards however, continue to play a significant role in establishing the safety net for nursing wages and conditions and generally operate in conjunction with agreements to establish wages and conditions of employment.

It is estimated that up to 30% of nurses are totally dependent on movements in award wages for any improvements in wages and likewise for conditions. Conversely, any loss of award conditions impacts heavily on this group of nurses.

Up until the onset of WorkChoices nursing employment conditions were in the main, regulated by federal laws with the major exception being nurses employed in NSW and some private hospitals in Queensland which were regulated by relevant state industrial bodies.

Post WorkChoices, the wages and conditions of nurses employed in public hospitals in South Australia, Western Australia, Tasmania and Queensland are also regulated through relevant state tribunals.

The history of the industrial regulation of nursing has been one where outcomes based on merit have been constrained by regulation binding industrial tribunals and funding bodies.

The equal pay test case

In 1985 the then Royal Australian Nursing federation pursued an application before the Australian Industrial Relations Commission (AIRC) to establish whether or not the AIRC "Equal Pay for Equal Value" principle enunciated some 14 years before, could still be relied on in circumstances where it had not been applied.

The AIRC determined that the passage of time had not extinguished the availability of the principle however the application of the principle must be consistent with the relevant National Wage Case principles (NWC). (18 February 1986, Print G2250)

Despite the principles underpinning pay equity, the NWC principles have always had a preoccupation with structural efficiency and productivity improvements and have effectively prevented the AIRC from determining nursing wage adjustments on merit.

Nursing national rates and conditions

During the period 1986 to 1992 the AIRC developed common national nursing industry rates of pay and conditions of employment. A detailed examination as to the processes and reasons why the AIRC established and maintained awards with common pay and employment conditions structures is incorporated in a number of Full Bench decisions vis Prints G7200 (7 May 1987), J0855 (21 December 1989), J4011 (21 August 1990), J8402 (17 July 1991), and K3662 (10 July 1992).

In setting the national wage levels the AIRC stated:

"In considering appropriate rates we have ourselves had regard to the following factors:

- ***The history of recent wage fixation for nurses by both federal and state tribunals, including those of New south Wales and Victoria:***
- ***The structure of nursing classification in federal and state awards;***

  Programmes which have been established in implementing consistency of pay related conditions in federal nursing awards;

- ***Evidence as to work value and the agreement of all employing authorities respondent to the federal awards as to work value comparability justifying common incremental scales and common rates at Levels 1, 2 & 3 in these awards;***
- ***The submissions of the parties as to cost;***
- ***Rates applying to other health professionals. In this respect we refer to the Statement of the Full Bench in the National Wage decision on August 1989. That paid rates awards should not be fixed at a level which will affect the rates for other workers;***
- ***The need to ensure proper application of the wage fixing principles, in particular structural efficiency principles which requires that "structural efficiency exercises should incorporate all past work value considerations";***
- ***The familiarity with standards of remuneration for work requiring different levels and qualifications and skills; and***
- ***The assurances of the ACTU which proposed rates higher than those we are granting, that there will be no pressure to flow on to other health professionals or other groups within the hospital environment…"***
  (Print J4011 at pg 10).

In a parallel exercise the AIRC established national rates and conditions of employment for enrolled nurses and also formally established the link between the wages and industrial conditions of enrolled nurses and registered nurses. (Print K3662)

No comparable exercise has been undertaken for the largely female workforce employed as Assistants in Nursing

The history of federal award wages and conditions, their establishment and maintenance, is significant because the history in part reflects the insistence of the AIRC to establish and preserve distinct national nursing industrial standards.

Wage relativities with other health workers

It is significant that industrial tribunals have repeatedly refused to link nurse's wages and conditions with comparable work. There can be no question that the failure to do so was in response to strong pressure from employers and government and there can be no question that the failure to do so has disadvantaged nurses.

Although declining to fix a nexus the AIRC did have regard to the wages of other health professionals. For example in decision Print J0855 the AIRC stated:

> ***"We are prepared to grant an entry rate at this stage in the ACT, Northern Territory and South Australia of $22338 per annum. This is the rate that has been determined by the Industrial Tribunals of Victoria and New South Wales for those states. It is also the entry rate that was agreed in Western Australia. The rate is compatible in our opinion with similar levels in the hospital scientist's awards***"

Unfortunately despite that observation and others along similar lines nurses have never been remunerated at the levels of comparable allied health workers.

Nursing industrial conditions and the nursing labour market

Although highly regarded by the community, nurses are chronically undervalued by employers. The enduring failure to remedy the situation has entrenched nursing recruitment and retention problems in all states and territories across the country.

The nature, size and distribution of the industry and profession also has led to limitations on the adjustment of nurses' wages because, unfortunately, the issue of costs has repeatedly been a feature in the fixation of nurses' wages, often regardless of other factors attaching to the valuation of their work. The fact that they are the largest single group within the health system has often put the brake on increases in award/agreements rates.

A further significant feature in relatively recent years is the inability to rectify the entrenched wage differentials as a result of:

(a) government bargaining and funding policies and
(b) industrial legislation and regulation.

In the past the AIRC has been critical of government regulation particularly in the area of the funding of public services being used as a mechanism to depress and deny nurses fair remuneration. For example in determining an application for increased wage rates for nursing staff employed in residential aged care facilities the AIRC reflected on these systemic limitations and observed:

> ***"It is not consistent with equity and good conscience for a society, or for that matter a government, to impose on those who staff such institutions an undue degree of responsibility for the dilemmas of funding and services that appear to be chronic. Nor is it consistent with good conscience to fail to address patient incapacity to deliver a relatively equivalent level of remuneration for work of equal value. Substantial differences which appear to exist in the effective remuneration available to professional aged care service providers in such institutions and comparable staff in other health and human services institutions in the public or private sectors. That circumstance should either be justified or redressed; it should not be simply ignored".***
> Print S6646

The effect of the artificial depression of wages coupled with the gruelling, heavy and unsociable nature of nursing work has led in part to the situation where statistically it is estimated that over 10% of all registered nurses now choose not to work in nursing. [19]

Part-time and casual employment

High levels of part-time and casual employment is a common feature of nursing work. The latest data from the AIHW shows that nurses continue to turn to part-time work with 49.8 percent of all nurses working part-time. (Note that the AIHW definition of part-time is working less than 35 hours per week.) The average number of hours worked by all nurses has increased from 30.7 hours in 2001 to 33 hours in 2005. However the average hours worked per week by female nurses is slightly less than the overall average at 32.5 hours while male nurses average more hours at 38.7 hours per week.[20]

Given that 92 percent of nurses are female it is not surprising that nurses tend to rely on part-time and casual work in an effort to manage high workloads with family and other responsibilities. This raises significant issues for ensuring an adequate number of nurses are available to meet the demand for nurses now and in the future. It is a matter for recruitment

and retention strategies and raises a plethora of issues around the provision of flexible work arrangements and other conditions necessary to enable both female and male workers better balance their work and other responsibilities. This point is elaborated further in the next section covering workplace factors.

The prevalence of part-time and casual employment in nursing is a major factor in terms of efforts to improve the relative position of nurses in particular and reduce the gender income gap in general. The impact not only affects income levels over an individual's working life but also impacts greatly on their capacity to be financially secure in retirement. The disadvantage experience by women is made worse by the frequent gaps in working life for purposes of maternity and other leave necessary to meet caring and other family responsibilities.

A number of other factors relating to part-time and casual employment contribute to the gender wage gap that are possibly more difficult to quantify but are clearly present; For example, potential for the underutilisation of skills of part-time and casual workers including less access to training and promotional opportunities. It is worth noting that the AIHW data on nursing roles for male and females shows that a much higher proportion of males are employed in nurse manager/administrative roles than is the case for female nurses; that is to say that males are over-represented in the management/administration roles in nursing with almost double the percentage figure for males in nursing employment. In contrast, females make up 92% of the nursing workforce but only 10% of female nurses are performing management/administrative roles.[21]

Workplace factors

Pay and employment equity in nursing is also related to conditions of employment, workplace arrangements and the way work is organised. The seven day, twenty-four hour operation of most health services are an enormous challenge to effectively accommodating work and other responsibilities. The health industry in general has been slow to respond to these challenges in any meaningful way; a situation which no doubt has contributed to the chronic shortage of nurses and ongoing recruitment and retention problems including the fact that over ten percent of all registered nurses choose not to work in nursing.

The ANF's submission to the Productivity Commission Inquiry into Paid Parental Leave, argued in support of a universal scheme of paid leave for all primary carers that is adaptable to a variety of working arrangements and family circumstance and which reflects contemporary

community attitudes. The objective of this and other family friendly working arrangements must be to improve and support opportunities for both women and men to achieve a better balance between work and family life and more equitable arrangements at work and in the home.

Workplace arrangements that are flexible and facilitate the transition in and out of the workforce and between different forms of employment at different times are central to increasing the work force participation of nurses.

Other factors around how work is organised through hours, rostering, shift work and the adoption of flexible arrangements need to be addressed as well as access to quality child care services.

With almost half the nursing workforce employed part-time, (working an average of 32.5 hours per week in the case of females), there is considerable scope to improve the utilisation of existing nursing resources and is further evidence of the need to address these issues more broadly than “battling it out” at the enterprise bargaining level.

Endless reviews and reports into nursing have identified the need for better working conditions for nurses including conditions that are more flexible and family friendly; recognise the need for adequate staffing level and reasonable workloads; provide flexible rostering and leave arrangements and improve the management of occupational health and safety issues.

Other relevant factors

The role of government as a major employer of nurses and/or source of funding of public sector health services is critical if progress is to be made in improving pay and employment equity in nursing. The large numbers of nurses employed in this area and government budgetary pressures have worked against any major improvements that could have a significant impact in this area.

In other industry sectors, market forces may play a role, particularly where chronic shortages of labour are at play, however in nursing, political and economic considerations prevail over any influence of market forces.

Summary and recommendations

The capacity of the health system to meet the current and future health care needs of our community is dependant on an adequate supply of registered nurses. A multitude of nursing workforce reports identify a chronic shortage of nursing staff based on an inadequate number of new graduates; an ageing nursing workforce and the projected growth in the demand for health services.

Proposals to improve the recruitment and retention of nurses in the system consistently include calls for improvements in the pay and conditions to properly reflect the skills, qualifications and experience of nursing staff.

The pay and employment inequities in nursing have a long history, related to the predominately female workforce and the undervaluing of nursing work.

The high percentage of part-time and casual employment, along with the thousands of registered nurses who choose not to work in nursing, highlight the existence of an enormous pool of untapped nursing labour. In the context of the current shortage of nurses there are clear economic and social benefits to be gained by developing strategies to increase the participation levels of nurses, focusing on the key factors that relate to improving recruitment and retention of nursing staff.

The complexity of pay and employment equity issues are as great in nursing as they are in general suggesting that further research and analysis is required to properly examine the position of nursing as an occupation in the current environment and provide an independent assessment of the various factors that contribute to the pay equity gap. This is a first step toward developing and implementing effective strategies to properly address pay and employment equity. However it does not prevent immediate improvements through a range of already well documented workplace focused measures to ensure better pay and working conditions.

Recommendations

The ANF supports the following recommendations contained in the submission by the ACTU:

1. Fair Work Australia to share discrimination jurisdiction with HREOC and Federal Magistrates/Court.

2. Pay equity principle to be shined in IR legislation and/or Pay Equity Act including:

    - Commitment to pay equity (being equal remuneration for work of the same or comparable value) inserted as stand along object in objects of Act;
    - Incorporation of Queensland Pay Equity Principle;
    - Requirement for pay equity plans and mandatory audits;
    - No requirement for discrimination to be demonstrated or identification of male comparator in consideration of pay equity matter;
    - Requirement for FWA to have regard to pay equity when adjusting wages;
    - Annual wage rate reviews and 4 yearly award reviews to ensure advancement of pay equity.

3. Establishment of Pay Equity Commissioner and Pay Equity Unit (perhaps in Fair Work Australia). Role of Commissioner and Unit to include:

    - Education;
    - Auditing of pay equity plans; and
    - Co-ordination and advancement of data collection.

4. Establishment of pay equity jurisdiction (stand alone tribunal or within jurisdiction of Fair Work Australia) with broad statutory powers to:

    - Hear and determine cases of discrimination or undervaluation of work including proceedings at its own initiative; and
    - Ensure awards consistent with pay equity principles through annual wage rate reviews and 4 yearly award reviews.

5. Inclusion of mechanism to address pay inequity developing between award dependant workers and those able to achieve above award pay and conditions through bargaining.

6. Bargaining provisions in IR Act to include:

    - Multi-employer/industry bargaining;
    - Application of ‘better off over all’ test to include consideration of pay equity and
    - Good faith bargaining.

Female participation

1. Flexible working arrangements provisions in NES to be strengthened including:

    - Watering down of “reasonable business grounds” restriction;
    - Capacity to access provision in order to meet any family caring situation.

References

[1] Registered and enrolled nurses (enrolled nurses are titled Registered Nurse Division 2 in the State of Victoria)

[2] AIHW 2008 *Nursing and Midwifery Labour Force 2005* p.6

[3] Ibid p.8

[4] AIHW 2008 *Nursing and Midwifery Labour Force 2005* p.6

[5] AIHW 2008 - Additional tables

[6] AIHW 2008 op cit p.19

[7] AIHW 2008 op cit p.12

[8] Richardson S 2004 *The Care of Older Australians: A picture of the residential aged care workforce* National Institute of Labour Studies Flinders University Adelaide Australia

[9] AIHW 2008 *Nursing and Midwifery Labour Force 2005* p.20

[10] AIHW 2001 *Nursing Labour Force 1999* p.31

[11] AIHW 2008 *Nursing and Midwifery Labour Force 2005* p.9 and additional tables

[12] AIHW 2008 ibid p.9

[13] AIHW 2007 *Australian Hospital Statistics 2005-06* p.22 and p.41

[14] AIHW 2008 *Nursing and Midwifery Labour Force 2005* pp. 13, 14 and 15

[15] Australian Health Workforce Advisory Committee, *The Australian Nursing Workforce: An overview of workforce* planning 2001-2004

[16] AIHW 2008 ibid p.6

[17] Doiron, D. Hall, J. and Jones, G. 2008. Is there a crisis in nursing retention in New South Wales. *Australia and New Zealand Health Policy* 2008, **5**:19 p. 16

[18] Pocock, B and Alexander, M. 1999, 'The price of feminised jobs: new evidence on the gender pay gap in Australia' *Labour and Industry,* Vol 10, No. 2 p.87

[19] AIHW 2008 *Nursing and Midwifery Labour Force* p. 6

[20] AIHW unpublished data

[21] AIHW unpublished data