



Police Federation of Australia

The National Voice of Policing

ABN 31 384 184 778

Level 1, 21 Murray Crescent
GRIFFITH ACT 2603

Tel: (02) 6239 8900

Fax: (02) 6239 8999

Retirement Income Review Secretariat
The Treasury
Langton Crescent
PARKES ACT 2600

retirementincomereview@treasury.gov.au

Introduction:

The Police Federation of Australia (PFA) represents the professional and industrial interests of in excess of 63,000 police members across every Australian jurisdiction. The PFA has for many years campaigned on better superannuation outcomes for Australia's police. We have written many submissions to numerous Inquiries and appeared before an array of committees to give detailed evidence on behalf of police.

The PFA makes this submission on behalf of all state, territory and federal police associations/unions. Note – the Police Association Victoria has provided a detailed response to the Review (**ANNEXURE A**) as it relates to the Emergency Services and State Super defined-benefit scheme in Victoria (the only, still open for new members, defined benefits scheme for police in Australia). Whilst there are in excess of 20 police/public sector schemes with police officer members, still operating, only eight of those schemes are still open to new members. All the other schemes, have been grandfathered to new members.

The unique nature of policing:

Before endeavouring to provide answers to a number of the questions posed in the consultation paper, the PFA makes the following comments, that we believe have relevancy to discussions about police superannuation and retirement arrangements.

There can be no argument, and many studies have confirmed, policing is a very demanding profession, both physically and psychologically. Australia's police do not argue that they are better than other workers, but they do argue that their work is different. Different in that the community recognises there are far greater expectations on police than there are on many other workers.

Police officers take an oath of office, which gives them enormous powers, and at the same time places great responsibilities on them. Police are different from other workers in a number of respects, but particularly in relation to the nature of their professional duties.

It is this personal responsibility that distinguishes the obligations of the police officer from most other workers in two primary respects:

1. The oath of office obliges the officer to place him or herself into situations of physical or psychological danger where it is necessary to keep the peace or to protect the lives and property of members of the public. Other emergency services workers and workers in general have no obligation to place themselves in danger in the course of their employment. Indeed, this is the philosophy underlying *Occupational Health and Safety Acts* and the *Workers Compensation Acts*. Both these acts give rights to workers where they have been placed in dangerous situations because of their employment. General workers are paid to provide labour and skills, not to place their health and welfare at risk. A police officer's obligation to the law places everything else in a secondary position.
2. The oath obliges the officer to be on duty effectively twenty-four hours a day, seven days a week. An officer is obliged to intervene in any situation where he or she perceives an offence being committed, regardless of whether the officer is on rostered duty. There are well-documented instances of disciplinary action being taken against officers who have not fulfilled this duty. An officer must be constantly alert to the needs of the community and his or her obligations under the law. His or her office is one that is independently exercised and subject to no one's direction. Even though the powers of the constable are significant (including the power to take both liberty and life), the consequent obligations are heavy and under constant oversight. These obligations also flow to the officer's private life. Officers may lose their employment and their career for behaviour that in all other occupations would be considered private. In many ways, the police officer "sells" more than just his or her labour when taking the oath of office.

The stressors of policing are well known and have been highlighted in numerous reports and studies, one of the most recent being the Beyond Blue *Answering the call*, National Mental Health and Wellbeing Study of Police and Emergency Services Final Report (2018), which supported all of the observations raised above.

The Beyond Blue Report found that employees in the police and emergency services sector had substantially higher rates of psychological distress and probable PTSD, compared to the Australian population and workers in other industries, including the Australian Defence Force, with police highest amongst all the emergency services.

Key findings of the survey report show that –

- One in three employees in the emergency services sector experience high or very high psychological distress; much higher than the national average;
 - 10% of employees had probable PTSD (11,800 employees). PTSD rates ranged from 6% in the state emergency services sector, to 8% in ambulance, 9% in fire and rescue, and 11% in police. In comparison, the prevalence of PTSD has been estimated at 4% in adults in Australia and 8% in the Australian Defence Force:
 - Almost 1 in 4 former employees (23%) had probable PTSD, 23% had high psychological distress and 19% had very high psychological distress.
- More than one in 2.5 employees in the emergency services sector report having been diagnosed with a mental health condition in their life compared to one in five of all adults in Australia;
- They report having suicidal thoughts over two times higher than adults in the general population and are three times more likely to have a suicide plan;
 - 28% of former employees had seriously thought about taking their own lives. Of those, 66% felt this way while still working in the police and emergency sector and 62% felt this way after leaving the sector
- More than half of all employees indicated that they had experienced a traumatic event that had deeply affected them during the course of their work;
- Poor workplace practices and culture were found to be as damaging to mental health as occupational trauma;
- Those who had worked more than 10 years were almost twice as likely to experience psychological distress and were six times more likely to experience symptoms of PTSD;
 - Most of the former employees who had been diagnosed with a mental health condition, had the condition while they were working in the police and emergency services sector (89%)

- Three in four found that their current workers compensation process to be detrimental to their recovery;
- One in four surveyed former employees experienced probable PTSD (compared to one in 10 current employees) and one in five experienced very high psychological distress;
- Being verbally or physically assaulted in the line of duty was associated with higher levels of psychological distress;
 - Some 28% of police employees, 18% of ambulance employees, and 4% of fire and rescue employees were verbally harassed or assaulted often or very often;
 - Some 25% of police employees, 13% of ambulance employees and 4% of fire and rescue employees were physically attacked or assaulted sometimes, often or very often; and
 - About half of employees had been involved in an incident that was the subject of a formal investigation or inquiry, and about one in five had been involved in an incident that received adverse attention in the media. These events were often associated with higher levels of psychological distress

Research on the social and emotional well-being of police officers conducted in the UK, Canada and now Australia, indicates that a combination of not only police work, but also organisational and managerial cultures in which policing is carried out contributes to psychological injury.

Observed in similar policing jurisdictions overseas as well as in Australia, stresses within the police workplace include:

- consistent exposure to trauma;
- inadequate staffing levels and a lack of resources;
- police are the last agency of resort (e.g. transport of prisoners and guarding and transport of mental health patients);
- hypervigilance;
- fear of reporting mental health injuries to the system;
- bureaucratic management styles;
- perceived lack of leadership;
- perceived lack of support from politicians and senior management;
- perceived unfair decision-making by managers;
- bureaucratic complaint management processes;
- multiple layers of oversight bodies;
- various inquiry bodies, including coronial inquiries;
- perceived insensitivity to personal distress;
- ever increasing workload;
- pressure to achieve fast response times;
- pressure on clear up rates;
- changing nature of crime;

- organised crime;
- terrorism;
- cybercrime;
- often unreal community expectations and demands;
- police try to be all things to all people and it's not possible;
- intense public criticism post event;
- media/social media;
- police on camera all the time;
- instant information, whether it's factual or not;
- constant news cycle;
- priorities constantly shifting and dictated by 'flavor of the month' issues;
- massive changes in the way police do their work but the judicial system slow to keep pace;
- economic factors within the workplace;
- budget constraints; and
- shift work.

All the issues listed above have been found to have an impact on members' mental health and wellbeing.

Exasperating the above issues, the civilianisation of many administrative roles, formally carried out by police, leaves few alternative positions for those officers who are having trouble maintaining the level of physical and/or psychological fitness while working in operational positions.

The impact of civilianisation was recognised in Treasury's 2005 Report, "Review of Superannuation Preservation Arrangements as they apply to Police".

The recently released Productivity Commission Report on Government Services indicates whilst sworn police numbers in Australia continue to grow the number of unsworn support staff are growing at a far greater rate.

The above paints a very distressing picture of the often dirty, difficult and dangerous job of Australia's police officers and the impact it has on their mental health and wellbeing. The PFA believes the foregoing supports our argument, that any review of superannuation arrangements and retirement incomes, needs to be undertaken with the view that some sectors of the workforce can mount legitimate arguments for individual considerations in respect to superannuation arrangements for their sectors. Policing is obviously one.

The PFA has for many years continued to call for appropriate superannuation arrangements to allow police to "Retire with Dignity" in recognition of the dangerous and difficult tasks they perform on behalf of the Australian community.

Consultation Questions:

While the PFA notes that the Consultation Questions raised in the Retirement Incomes Review Consultation Paper are generic in nature and relevant to the wider

workforce, we submit the following comments in relation to the Consultation Questions, as we believe they apply to our members.

Retirement income systems for police in other countries –

- Are your schemes defined benefit (based on final or final average salary) or accumulation funds (based on market earnings)?

The PFA has undertaken a brief analysis of police pension/superannuation arrangements in other like policing countries such as the US, UK, Canada & New Zealand.

In short, most of the schemes available to police in those jurisdictions have pensions available to retiring officers and in all instances police officers can retire and get access to their entitlements at an earlier age than applies to police in Australia. From information provided to the PFA, this early access is in recognition of the significant physical and psychological trauma associated with policing.

Adequacy –

Remuneration rates for police officers varies across the country by jurisdiction and within jurisdictions, by rank, as well as various allowances for duty type. It should also be recognised, that the vast bulk of police officers work a seven-day shift work roster with a significant amount of unpredictability built into their working day.

As earlier noted in this submission, with the exception of the Victorian Emergency Services Scheme, all other defined benefit schemes are closed to new members. Where the earlier defined benefit pension schemes once existed in most states, they were replaced by defined benefit lump sum schemes, which were subsequently also replaced by accumulation schemes and with the exception of the South Australian scheme, the Southern State Superannuation Scheme (Triple S – Police), there are no longer mandatory member contributions required.

As such, the PFA has major concerns for the long-term adequacy of the vast majority of members', retirement incomes. This, we believe, will have ramifications for police departments into the future, as members reaching retirement age after long policing careers, not having the necessary superannuation balances which affords them a dignified retirement may force them to stay in the workforce for longer.

The Beyond Blue national survey has already identified the serious psychological impacts on long term serving police officers. Those, who had worked more than 10 years, were almost twice as likely to experience psychological distress and were six times more likely to experience symptoms of PTSD and most of the former employees who had been diagnosed with a mental health condition, had the condition while they were working in the police and emergency services sector.

Those officers, who find themselves in this cohort, with smaller superannuation balances, yet unable to continue their policing career, will be more likely to end up on Government benefits, at a significant cost to the Australian taxpayer.

Equity –

The economic security for female police officers in retirement is complex and is intertwined with other drivers such as;

- childcare,
- paid parental leave and pregnancy;
- return to work arrangements; and
- incidences of discrimination

all of which need to be addressed in conjunction with superannuation arrangements to provide a holistic outcome for female police officers.

The PFA has made numerous submissions and appeared before an array of inquires in relation to equity for female officers. Several of those submissions specifically related to the economic equality and security of female police officers.

The following related submissions can be located on the PFA website at pfa.org.au

- Gender Segregation in the workplace and its impact on women's economic equality (February 2017)
- Fairer Paid Parental Leave Bill 2016 (December 2016)
- Economic Security of Women in Retirement (October 2015)
- Fairer Paid Parental Leave Amendment Bill 2015 (August 2015)
- Childcare and Early Learning Draft Report (September 2014)
- Public Inquiry into Childcare and Early Childhood Learning (January 2014)
- Supporting Working Parents: Pregnancy and Return to Work National Review (January 2014)
- Paid Parental Leave Review (June 2013)

Current superannuation schemes need to be improved so women are valued and receive equal reward in retirement as men. Superannuation schemes should also be structured to allow women to catch up over a lifetime or have concessional cap credits for the years of service when contributions were below the caps.

The concessional caps reduce the ability for under-funded members to make catch-up contributions in the years before they retire and preclude many defined benefit funds members from making additional contributions. In our view, removal or amendments to the concessional cap would mean a greater opportunity for female officers to make more substantial savings for their retirement years.

Sustainability -

Because of the special nature of police work, the special responsibilities of police officers, the everyday risks that police officers are expected to take in protecting the community, governments, as the employers of police officers need to give more thought to what is an appropriate superannuation for police, rather than simply provide an employer contribution that is equal to the Commonwealth's Superannuation Guarantee.

Having an adequate amount of superannuation is a very important plank in establishing a secure financial future for Australia's Police. This is especially so when their ability to work the streets diminishes with age and access to the age pension.

The PFA believes that the current level of superannuation guarantee will not provide police with a sufficient bundle of retirement assets to enable an adequate and comfortable level of income in retirement. The PFA and its state, territory and federal police association branches have maintained for many years that a minimum superannuation guarantee of 15% is essential, together with an ability for further voluntary contributions by members.

Another issue that has recently been brought to the PFA's attention by the Productivity Commission's Inquiry into Mental Health, is the difficulty of many sectors getting appropriate 'income protection insurance', most of which in policing is provided through members superannuation.

In 2016, the PFA commissioned a detailed analysis of the various police superannuation schemes across all jurisdictions, to determine any shortcomings in any of those schemes. As indicated, the issue of income protection is predominantly delivered to police through their superannuation, as it is extremely difficult and costly, for police officers to purchase independent income protection insurance due to the nature of their work.

The PFA was also heavily involved in lobbying the government to ensure that police were exempt from the recent debate over The Treasury Amendment (Putting Members' Interest First) Bill, regarding de fault insurance in superannuation products. We were ultimately successful in having police and a number of other emergency services workers exempted from the legislation enabling them to continue to access appropriate de fault insurance from the day they commenced work as police officers.

Some of the key findings of the work commissioned by the PFA in relation to insurance for police, is as follows –

- There is inadequate and poor default or automatic insurance cover in many schemes. The schemes that fall into this category are the following:

Commonwealth & ACT
Western Australia

Some schemes also had death and TPD insurance cover that tapered off too rapidly such that the cover at age 50 was poor. Schemes that fall into this category are the following:

Tasmania

- Death insurance benefits in the Victorian Government ESSS Defined Benefit Scheme only being based on prospective service to age 55 years. This tends to assume that all members plan to terminate their employment or retire at age 55. (This issue is currently being resolved by agreement between the Police Association and the Victorian government).
- Some schemes do not automatically include income protection arrangements. The schemes that fall into this category are the following:

Northern Territory
Queensland

- Some income protection arrangements provide for a superannuation benefit to be paid back into the scheme whilst the member is on sick leave, whilst some other schemes do not provide this superannuation benefit. The schemes that do not include a superannuation contribution as part of the income protection insurance benefit are the following:

Commonwealth & ACT
New South Wales
South Australia

- Some schemes have inadequate or poor income protection benefits. One scheme that falls into this category is the Western Australian scheme where there is a monthly limit of \$3,000 or \$36,000 per annum.
- The wait period for income protection benefits in some of the schemes is too long. In some schemes the default wait period is between 60 days and 9 months which is far too long. Members should not have to wait any longer than 30 days before being able to access an income protection benefit where they no longer have sick leave to cover their absence from work. The schemes that fall into the category of having far too long default wait times for income protection benefits include the following:

Commonwealth & ACT
New South Wales
Tasmania
Western Australia

It is therefore evident, that a review of superannuation as it applies to police, cannot effectively be done in isolation of death and disability and income protection insurance.

Cohesion –

In respect to the consultation question on ‘cohesion’, the PFA makes the following points.

For many years we have campaigned to have the superannuation preservation age for police remain at 55, however our calls for an exemption for police have so far gone unheeded. We acknowledge that current preservation age policy will see the access age for superannuation lifted to age 60 for those born after 1 July 1964. The PFA’s fears are that there have been numerous public calls for that age to be lifted to keep it within five years of the pension access age, which is being lifted to 67.

In 2017 we raised our concerns about the pension age potentially being lifted to 70 and the impact such a move might have on an increase in the preservation to 65. We note that the Prime Minister has since publicly stated that the government has no intention of increasing the current pension access age, however the PFA remains vigilant should such a policy be pursued by a future government.

Whilst the PFA has not taken a public position on a 70 access age for pensions, we would vigorously oppose any further increase in the preservation age. We believe we would be strongly supported in that stance by Australia’s Police Commissioners.

Over the years the PFA has had the opportunity to speak to a number of Members and Senators who were involved in the Superannuation Industry (Supervision) (SIS) Act 1993, who advised at the time that they didn’t see some aspects of superannuation being a ‘one size fits all’, thus they ensured that there were some elements of the Act that allowed the regulator to exempt particular classes of person from some elements of the Act.

For example, section 328 of the SIS Act “Regulator’s powers of exemption – modifiable provisions” provides a means whereby police and other identified groups, could be exempted from any future move in the preservation age. This section states –

“The Regulator may, in writing exempt a particular person or class of persons from compliance with any or all of the modifiable provisions”

Section 327 of the SIS Act interprets modifiable provisions as a provision of Part 3 of the Act. Part 3 of the Act is – “Operating standards for Superannuation entities”.

Section 31 (2) (g) of Part 3 states – *“the preservation of benefits arising directly or indirectly from amounts contributed to the funds”*.

It would therefore only require the appropriate regulator to modify that provision for police, being a “class of person” as defined under the Act. There would be no legislative change simply documentation from the Regulator.

If there was any plan to change current preservation age requirements, the PFA would call upon all political parties to use these sections of the SIS ACT, to exempt police.

Recommendations:

The PFA makes the following recommendations to this Review into retirement incomes:

- Occupations with recognised high psychological impact on employees, such as police, should be given some greater recognition with the retirement income system
- That the preservation age policy as it applies to police, not be increased beyond 60
- Removal of contributions tax on contributions for women during periods of broken or part time employment due to carer responsibilities;
- Compulsory Police insurance premiums, including death and disability and income protection insurance should be excluded from the concessional cap calculation;
- Superannuation payable on the statutory period of parental leave for up to one year;
- Access to flexible and affordable childcare
- A mother should have at least 6 months paid parental leave at replacement salary to bond and establish breastfeeding with her newborn
- Flexible working conditions for both women and men including the accrual of long service leave throughout parental leave
- Ensure a legislative framework exists where the employer is obliged to consider requests for flexible working arrangements and a review mechanism is available when that request is unreasonably refused
- The Productivity Commission, as part of its annual Report on Government Services, should be asked to collect the necessary data from police services and report annually on wage equality between genders.

CONCLUSION:

While the PFA understands and recognises that this Review is targeted more broadly at superannuation, we believe the foregoing paints some very compelling

reasons why specific consideration should be given to police officers and other like groups.

The PFA are strong supporters of Australia's superannuation system. We have encouraged our members over many years to fully participate in the system and where possible maximise their own personal contributions to ensure that they provide for themselves and their families, a dignified retirement.

As we have articulated, we have made various submissions and appeared before numerous inquiries into superannuation and particularly as it applies to police.

We would be more than happy to provide the Review team with further information and data from those various submissions if they so desire.

Sincerely yours

A handwritten signature in black ink, appearing to read 'S. Weber', with a horizontal line extending to the right.

Scott Weber
Chief Executive Officer
3 February 2020

ANNEXURE A

The Police Association of Victoria

Submission to the Retirement Income Review

The Victoria Branch members are covered by the Emergency Services and State Super defined-benefit scheme, a fund governed by the *Emergency Services Superannuation Act 1986* (Vic) (ESS Act). Beneficiaries or members of the fund are public sector employees who have provided essential services to the community during their working lives. They include Victoria Police, Metropolitan Fire and Emergency Services, Ambulance Victoria and Country Fire Authority. Unlike accumulation funds, the scheme is not subject to market fluctuations and for good reason. After service to their community and the unique and high-risk occupations they perform, their superannuation scheme needs to be well-resourced to service their needs in retirement or should they become injured. Consequently, The Police Association advocates for our members' interests in protecting this superior defined benefit scheme.

It is in this capacity that we provide these comments on the Retirement Income Review Consultation Paper – as advocates for Victorian Police Officers and Protective Services Officers and in support of the Emergency Services and State Super (ESSSuper) defined benefit scheme.

Before addressing the specific consultation questions, we wish to make the following comments about the retirement income system. Australia's retirement income system is the third best in the world. Any recommendations need to be carefully considered and weighed, otherwise the retirement savings of millions of workers will be put at risk. Secondly, central to Australia's retirement income system is the recognition that superannuation is deferred wages. It's connection with the industrial relations system has provided strong protections for employees since compulsory superannuation was introduced through the award system. The financial services sector is unable to provide the public confidence and transparency for a system that works for workers benefit. This

was clearly demonstrated in the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. Thirdly, home ownership is unofficially the fourth pillar of the retirement income system. With the rate of home ownership declining and wages stagnating, means the Government will be more heavily relied upon to support a growing number in retirement through the Age Pension.

Finally, while this does not affect our members, we are concerned for diminution of secure, high-quality jobs through casual work, digital platforms and the gig economy. Task-based work, contracting and freelancing is a growing norm that means many Australian workers will face an inadequate retirement. The retirement income review must consider this cohort.

Our comments below are made in respect to specific questions by the Panel.

Adequacy

- 1. What should the Panel consider when assessing the adequacy of the retirement income system?**
- 2. What measures should the Panel use to assess whether the retirement income system allows Australians to achieve an adequate retirement income? Should the system be measured against whether it delivers a minimum income level in retirement; reflects proportion of pre-retirement income (and if so, what period of pre-retirement income); or matches a certain level of expenses?**

We submit that the Panel cannot make a thorough assessment of the adequacy of the retirement income system without taking into account the nature of certain occupations, including policing. Our members face heightened risks in their employment, both physically and mentally, and these distinct occupational differences should be noted by the Panel and that specific superannuation arrangements apply to them for a reason.

The ESSuper defined benefit scheme was established to ensure a well-resourced scheme to service emergency services workers' needs. For example, police and protective services officers deserve superannuation entitlements, including income protection and disability benefits, that recognises the risks both in their employment and beyond policing. For example, research by Beyond Blue found that the possibility of our members experiencing mental health issues increases with their length of service.¹ Retirement income therefore needs to ensure that occupation-based injuries and mental health issues can continue to be addressed. Our members should not have to suffer in retirement for a career servicing the community.

Our members' defined benefit scheme calculates their end benefit based on their final average salary over two years. We therefore support a measure of the retirement income system that reflects pre-retirement income. For police, there is a practical aspect to this. Firstly, to ensure members can afford medical and mental health treatment for the physical and mental demands of the job well into retirement. And secondly, to ensure our members retire to communities that are viable for them to retire to. Low socio-economic communities have higher crime rates.² After a career in policing, it is imperative that our members' are adequately financed to retire away from crime and the areas they serviced as police.

It is for these reasons that the Police Association strongly advocated for changes to the ESS Act to permit the Government to make additional contributions into a separate accumulation fund for members that have reached their maximum multiple under the scheme. For career-long police there was an anomaly and an inequity in comparison to the wider Australian workforce. From 1 July 2019, Victoria Police will make additional contributions to an ESSuper Accumulation Plan at the rate of 3% of their salary. This will increase to 12% by the 2026/2027 financial year. In addition, our members can also salary sacrifice or make additional contributions into an accumulation fund towards their retirement saving.

¹ Beyond Blue, Answering the call: national survey. Beyond Blue's National Health and Wellbeing Study of Police and Emergency Services – Final report (2018), <<http://resources.beyondblue.org.au/prism/file?token=BL/1898>>.

² Don Weatherburn, "Economic Adversity and Crime", 40 *Australian Institute of Criminology: Trends & Issues in crime and criminal justice* <<https://aic.gov.au/file/6228/download?token=0S96Sjmp>>.

Consequently, any recommendation from the Panel should not undermine the defined benefit scheme that covers our members and the ability for our members to make additional contributions towards an adequate, healthy retirement.

Equity

- 3. What should the Panel consider when assessing the equity of the retirement income system?**
- 4. What factors and information should the Panel consider when examining whether the retirement income system is delivering fair outcomes in retirement? What evidence is available to assess whether the current settings of the retirement income system supports fair outcomes in retirement for individuals with different characteristics and/or in different circumstances (e.g. women, renters, etc.)?**
- 5. To what extent does the retirement income system compensate for, or exacerbate, inequities experienced during working life?**
- 6. What are the implications of a maturing SG system for those who are not covered by compulsory superannuation?**

There is a general inequity from treating our members the same as workers in the federal retirement income system. The scheme operates under Victorian legislation, being the *Emergency Services Superannuation Act 1986* (Vic). It was designed when the average police recruit was 19.5 years of age and could access their defined benefit at 50. Because of changes to the federal preservation age, a majority of our members cannot access their retirement benefit until aged 60. As noted above the risk of psychological injury increases with length of service. Changes to increase the preservation age increase the risk of psychological injury and denies them the benefit of a long and healthy retirement. The average police recruit today is 29.5 years. Because of the design of the scheme police officers joining after the age of 25 have a reduced disability benefit under the scheme as they will never reach the maximum multiple by the deemed maximum age for the purpose of calculating death and disability benefits; currently 55. Without specific accommodations for them in the broader retirement income scheme, our members are punished in retirement for having worked in a physically demanding and high-risk job.

While we continue to advocate for legislative reform to ESSSuper to ensure the projected age for disability benefits is changed to age 60, we submit that the Panel should have regard to specific occupations and the nature of their work when looking at the preservation age regime as well as life expectancy rates. In addition, we submit that the preservation age should be lowered for police and emergency services to count for the demands of their job.

A significant issue for the system is the gender pay gap which persists in superannuation savings. For accumulation schemes, women retire with approximately half the retirement savings of men and certain anomalies in the ESSSuper scheme also inadvertently discriminates against women in their retirement savings. Previously members on unpaid parental leave were deemed to be nil contributors for the first 12 months. After campaigning for over a decade, the Victorian Government has addressed this in part and amended the ESSSuper scheme to address this retirement income gap for emergency services workers. Two additional catch-up rates now allow members to accrue at a higher rate after taking periods of unpaid leave. Further, members on unpaid parental leave are able to elect a contribution rate for up to 12 months and defer payment until they return to work. Now members are able to minimise the negative impact that unpaid time away from work has had on their retirement income.

Paid and unpaid parental leave however continues to adversely impact our female members' defined benefit. We note that two Senate Committees have recommended that superannuation is paid on Commonwealth paid parental leave payments³ and it is widely known that parental leave and part-time employment due to caring responsibilities contributes to the gender pay gap in retirement income. The panel should therefore strongly recommend that the Commonwealth Government move with the times and make superannuation part of the paid maternity leave scheme.

³ Senate Economics References Committee, 'A Husband is Not a Retirement Plan': Achieving Economic Security for Women in Retirement, 29 April 2016; Senate Finance and Public Administration References Committee, 'Gender segregation in the workplace and its impact on women's economic equality,' 7 June 2017.