



**Police Federation
of Australia**
The National Voice of Policing

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The Secretary
Senate Standing Committee on Economics
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Superannuation (Objective) Bill 2016

Superannuation has been a long standing issue of concern for the Police Federation of Australia (PFA) and its 60,000 members. We are particularly concerned about the Turnbull Government's proposal to lower the superannuation concessional cap to \$25,000 per annum from 1 July 2017.

We note the Government's statement included in the budget papers that "this (new) level still enables individuals to make enough contributions over their working life to be self-sufficient in retirement." We believe that this view is inappropriate and unacceptable for those working in policing, particularly for those that are getting closer to retirement and their retirement strategy was predicated on maximizing their superannuation contributions prior to leaving policing.

The proposal to reduce the concessional contribution cap to \$25,000 per annum will have a significant impact on many police officers, who work long hours often under great stress. Work by *beyondblue* clearly outlines the high level of depression, anxiety and suicide that exists amongst police and they suggest it is on the increase.

If the quantum of concessional contributions for these police personnel were to be limited, this would require police to stay longer in the workforce before they are able to retire with dignity. The Federation's strongly held view is that this is an extremely unfair impost to place upon a section of the community that is held in such high regard.

There are several technical components to our concerns. This includes the possibility that many senior police officers may automatically exceed the proposed lower concessional contributions cap as a consequence of their higher level of salary and the superannuation scheme to which they belong. For example it is estimated that a Queensland Police Officer in the QSuper Accumulation Scheme who earns a little over \$100,000 per annum will exceed the concessional contribution cap as to maximize the employer contribution, a member has to contribute a minimum of 6% personal contributions.

In Victoria Police it is estimated that the rank of Detective Sergeant and above will be affected by the changes as a result of the combined employer/employee contributions required to maximize the superannuation benefit over ones career.

I note that in correspondence from the Treasurer to the PFA dated 5 December, it is suggested that "...if an employee exceeds the \$25,000 concessional contributions cap, it may be because of a generous arrangement where their employer makes higher contributions than required by law..." If that is the case, those arrangements were negotiated long before any changes to the concessional contributions cap were considered and it is also noted that the \$25,000 concessional contributions cap will not be applied equally to all funds.

Another aspect of concern regarding this policy proposal, is the unfair and detrimental impact it will have upon all ranked police officers who simply want to make a higher level of concessional contributions into their superannuation scheme so they can gracefully leave policing as soon as they reach preservation age.

The PFA has discussed with both the Government and the Opposition, the possibility of a special set of rules for police officers who make concessional contributions over the proposed new \$25,000 per annum cap. We have suggested that as an alternative, it be a requirement that all excess concessional contributions be taken in the form of an income stream upon retirement rather than applying a higher rate of tax on any excess quantum of concessional contributions.

This suggestion is consistent with a proposal we put to the Government and the Opposition prior to the 2016 election.

Due to the high stress of the job and the number of police officers who seek to leave the job at age 55, or soon after, the special rule in respect to excess concessional contributions could also apply to police superannuation benefits taken between age 55 and the member's preservation age, consistent with a pre-election proposal put to all major parties. .

We would welcome the opportunity to discuss these issues in some detail with the Committee if appropriate.

Yours sincerely

Mark Burgess
Chief Executive Officer
31 December 2016