



Police Federation of Australia

The National Voice of Policing

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Economic Security for Women in Retirement

Thank you for the opportunity to make a submission to the *Economic Security for Women in Retirement Inquiry*. The Police Federation of Australia (PFA) is the national body representing the professional and industrial interests of Australia's 60,000 police officers, of which approximately one third are women across all jurisdictions. The PFA has almost 99% membership density and is a federally registered organisation under the Fair Work (Registered Organisations) Act 2009.

The PFA recognises that the inhibitors to financial security discussed in this submission are not specifically unique to policing but many of these inhibitors are more pronounced in a policing environment due to the non-standard working patterns, high risk and unpredictable nature of police work.

In policing the vast majority of the workforce is deployed in frontline operational positions (approximately 85%, with variation across jurisdictions), who provide 24/7 service delivery. Police work is unpredictable; the irregular hours and risks involved in police work pose unique challenges particularly for those police officers with caring responsibilities. As women start to bear children they tend to leave the police force, or return instead to a change of duty type which typically reduces career progression, personal growth and capacity for higher remuneration.

The extent of the gender retirement gap for women in policing therefore hinges predominately on the impact of broken service and part time employment. Other significant drivers for female police officers include;

- an inability to access flexible and affordable childcare;
- paid parental leave entitlements being insufficient;
- pregnancy and return to work incidences of discrimination; and
- the variation and inflexibility of current superannuation schemes, rewarding continuous full time employment and financially penalising those requiring career breaks.

The PFA has drawn from industry wide research such as that conducted by Rice Warner Actuaries and several of our recommendations reflect some of the initiatives discussed in *Valuing Females and Rewarding them in Retirement*¹.

Childcare

Balancing work and caring responsibilities remains a challenging area for many police families and their employers. Part-time work or resignation are often seen as the only options to balance work and caring responsibilities for women police officers². Working part-time in the police brings its own set of difficulties including; reduced access to training opportunities, relieving at higher levels, promotion and additional superannuation accumulation.

The PFA has raised in our recent submissions to the Productivity Commission Childcare and Early Childhood Learning Inquiry (31 Jan 2014 and 05 Sept 2014) the battle police families have accessing flexible, affordable and quality childcare services. Police work is dynamic and working patterns can change at a moment's notice. Rosters are rarely consistent over an extended period of time; the shifts an officer is working one fortnight may be completely different the next fortnight. In Victoria for example, 88% of officers have fortnightly rosters³, meaning they can only plan their childcare needs two weeks in advance, which for most childcare services, is not enough notice to secure a place when competition for places is high in the majority of childcare centres. Even within a single roster, 58% of officers work rotating shifts (a mix of day, night, weekday and weekend shifts)⁴, which makes finding an appropriate and consistent childcare provider extremely difficult.

Those families who do manage to access childcare pay a premium in order to secure the flexibility required to undertake their duties as a police officer. A lack of childcare puts considerable strain on families. Further inadequate childcare severely limits career progression and for some women separates them from their chosen career entirely.

Paid Parental Leave

Any paid parental leave should go some way to ensuring women are not financially penalised for taking time off to care for a new baby. In our recent submission to the Fairer Paid Parental Leave Amendment Bill 2015 (31 July 2015) we estimated that the changes

¹ Rice Warner Actuaries –Valuing Females and Rewarding them in Retirement, November 2012

² Police Association of NSW, Part Time Workers Survey 2008 p33

³ Police at Work Wave 1 Report p24

⁴ Police at Work Wave 1 Report p26

being proposed in the Fairer Paid Parental Leave Amendment Bill 2015 would result in a loss of \$11,500 per member, predominantly birth mothers. For some police officers this will mean a reduced amount of time on parental leave and for others a separation from the workforce completely.

In most police jurisdictions there is an ongoing requirement for operational safety training qualifications. Coupled with the physical demands of frontline policing, birth recovery and operational readiness provides an extraordinary burden on women police to be fit for duty. The reduction in the time for maternal recovery will compromise women's ability to return to frontline duties.

Taking away the additional weeks of paid parental leave, albeit at the minimum wage, is enough to make a real difference to mothers. Frontline police work combined with the nature of shiftwork makes policing an occupation where the reduction of available paid parental leave will have an extraordinary impact on women.

The PFA recognises that policies need to allow men to also share parenting roles and agree with the steps some large corporates are taking to extend the same flexible conditions to men. NAB recently announced they would extend paid parental leave not only to primary caregivers but fathers and non-birth parents also⁵. The PFA in addition to agreeing with extending the same flexible conditions to men believes that long service leave should be accrued throughout parental leave.

It is essential that frontline police services reflect the community they serve, particularly in relation to gender. At a time when communities and government are focusing on greater workforce participation and committed to tackling issues such as reducing violence against women, it is crucial that female police officers are provided with the support needed to ensure they return to frontline duties when the time is right after having children and are not financially penalised.

Pregnancy and Return to Work Incidences of Discrimination

In a previous submission to the Australian Human Rights Commission – Supporting Working Parents: Pregnancy and Return to Work National Review (31st January 2014) the PFA outlined a number of key areas where workplace discrimination including indirect discrimination still occurs for many female employees particularly concerning; part time applications, employees seeking a reasonable level of flexibility from their employers, entrenched attitudes toward accommodating pregnant employees and a lack of support for women in their return to work. For instance, many women (and to a lesser extent men) who work part time are treated differently within the workplace and miss out on training and development opportunities. Results from the *Police Part Time Workers Survey*, conducted by the NSW Police Association, showed that 75% of police surveyed indicated that they thought working part time had reduced their access to training opportunities, relieving, and promotion⁶. Further, 41% of police surveyed indicated they had suffered from victimisation/bullying from management and or their peers as a result of their part

⁵ Sydney Morning Herald 'NAB to offer male workers 12 weeks paid parental leave' March 09, 2015

⁶ Police Association of NSW, Part Time Workers Survey 2008 p42

time status⁷. Any discrimination victimisation or bullying has a negative impact on a woman's financial security.

It is the PFA's view, the difficulties in returning to work from parental leave are reduced when a legislative framework exists that ensures that the employer is obliged to consider requests and a review mechanism is available when that request is unreasonably refused. Right to request with binding review should be legislated for all workers.

Superannuation

There are 21 different superannuation schemes across the country for police. These schemes vary by state and date members joined as to whether they provide adequate superannuation and death and disability entitlements or reasonable access to those entitlements when needed.

For instance the employer superannuation contribution levels are significantly different across the country and vary between the minimum 9.5% up to 18%. In NSW a third of the Force are female and these female officers in the main only receive the minimum 9.5% superannuation guarantee contribution.

How do you rectify the difference?

While differences in respect to retirement balance between men and women in accumulation funds are well documented. The difference is that public sector defined benefits receive little attention.

The obvious answer is to allow women where they can to increase contributions.

Victorian case

The table below illustrates average accrual benefit by gender and years of services in Victoria⁸.

According to figures the accrual rate throughout the service is consistently lower for female members.

ESS DB Members

Report date: 26 August 2015

Average accrual per years of service

	Female	Male	Grand Total
0	0.045027172	0.151074192	0.124444858
1	0.281470405	0.447638918	0.407838249
2	0.497952233	0.725475046	0.671981891

⁷ Police Association of NSW, Part Time Workers Survey 2008 p2

⁸ Source: ESSSuper – Emergency Services & State Super

3	0.704014355	1.012049112	0.940705507
4	0.890731964	1.178853409	1.108550625
5	1.09936133	1.438323231	1.35650343
6	1.305829742	1.709165135	1.615886782
7	1.522595704	1.946856433	1.849616946
8	1.733492845	2.185474709	2.086870441
9	1.935863062	2.425504952	2.322458593
10	2.151358582	2.680431537	2.577239823
11	2.356912698	2.942272469	2.834599082
12	2.538652205	3.193919585	3.081342155
13	2.743817673	3.459920958	3.338780711
14	2.941258805	3.732160762	3.605444306
15	3.172078603	4.021761039	3.900350754
16	3.406584604	4.34273286	4.220315249
17	3.618094755	4.609702937	4.481020959
18	3.82998694	4.885616534	4.753887923
19	4.082317588	5.203117474	5.071494385
20	4.335224115	5.544150971	5.404428344
21	4.732118351	5.907336567	5.783114506
22	5.069127727	6.255082563	6.133232581
23	5.348643993	6.527938786	6.408007175
24	5.625076811	6.817634556	6.69867885
25	6.012100483	7.137165076	7.033158328
26	6.468873037	7.522176159	7.429401939
27	6.97414623	7.840288084	7.766618954
28	7.334740933	8.208390374	8.147664045
Grand Total	1.503647135	2.642946138	2.417857391

In Victoria Police, over 80% of part time employees are female officers generally combining work and parental responsibilities. This figure has remained fairly constant; the overwhelming majority of women who undertake part time work subsequently resume full time work when their children are older (school age or post school age). However there is limited opportunity to catch up on contributions. The ESS defined benefit scheme has a catch up rate of up to 8% for members who would not reach their maximum multiple. However, for some women with broken service using the catch up rate won't rectify the situation because they do not have enough working years ahead of them. In addition increasing contribution rates results in them breaching the concessional contributions cap because they lose the benefit of the grandfathering provision that applies to DB schemes.

The concessional caps have reduced the ability of under-funded members to catch-up in later years. Part-time members have limited capacity to make substantial contributions until they return to full time work; generally around the time when their children are school age. Further, they have limited capacity to save until their children are post school age and/or they no longer have a mortgage.

NSW case

In NSW death and disability insurance premiums are added to concessional caps. The whole employer premium of 8.34% is paid to the group life insurer TAL through First State Super (FSS) and the whole premium now is treated as concessional contributions under the concessional contributions cap rules. This figure increases to 10.14% when the Police Officers compulsory personal contribution of 1.8%, which defaults to a salary sacrificed contribution, is also considered to be a concessional contribution under the concession contributions cap. It is further inflated by a \$655 pa employer contribution to subsidise the cost of 3 units default insurance also provided to Police Officers through FSS.

In effect, the compulsory State Contribution to the NSW Police Death and Disability scheme reduces the approximate amount a **NSW Police Officer** can contribute per annum by way of salary sacrifice compared to all other Australian workers as follows:

Comparison Under age 50 (from 1 July 2015)

	Police Officer	Other Workers	Difference
Constable L5	\$14,209	\$22,860	\$8,651
Senior Constable L6	\$9,921	\$20,838	\$10,917
Sergeant 9 th year	\$6,642	\$19,291	\$12,649
Senior Sergeant	\$5,399	\$18,705	\$13,306
Inspector 8 th year	\$0	\$14,977	\$14,977
Superintendent 8 th year	\$0	\$11,553	\$11,553

Comparison Over age 50 (from 1 July 2015)

	Police Officer	Other Workers	Difference
Constable L5	\$19,209	\$27,860	\$8,651
Senior Constable L6	\$14,921	\$25,838	\$10,917
Sergeant 9 th year	\$11,642	\$24,291	\$12,649
Senior Sergeant	\$10,399	\$23,705	\$13,306
Inspector 8 th year	\$0	\$16,691	\$16,691
Superintendent 8 th year	\$0	\$16,553	\$16,553

Conclusion:

The economic security for female police officers in retirement as discussed in this submission is complex and is intertwined with other drivers such as; childcare, paid parental leave and pregnancy and return to work incidences of discrimination, all of which need to be addressed in conjunction with superannuation arrangements to provide a holistic outcome for female police officers.

Current superannuation schemes need to be improved so women are valued and women receive equal reward in retirement as men. Superannuation schemes should be structured to allow women to catch up over a life time 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.

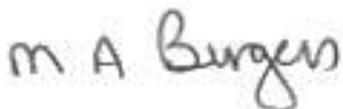
Recommendations:

Other key recommendations include;

- Removal of contributions tax on contributions for women during period of broken or part time employment due to carer responsibilities
- Compulsory Police insurance premiums 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

The PFA would be happy to provide further information to the Committee if that was required.

Sincerely yours

A handwritten signature in black ink that reads "m A Burgess". The signature is written in a cursive, slightly slanted style.

Mark Burgess APM
Chief Executive Officer