



**Police Federation
of Australia**

The National Voice of Policing

SUBMISSION TO PRODUCTIVITY COMMISSION INQUIRY INTO SUPERANNUATION

The Police Federation of Australia (PFA) represents the professional and industrial interests of Australia's 60,000 police. For many years we have been campaigning on a range of superannuation issues that affect our membership.

Whilst the issues raised in this inquiry might be considered to have a greater impact on other workers within the community, we believe that there may also be a major impact on police across the country.

One of the major issues impacting police and superannuation involves the raising of the preservation age from 55 to 60 years.

Earlier this year the PFA commissioned a report into current police superannuation schemes and the development of a model superannuation scheme for Australia's police. That report highlighted a number of shortcomings in current schemes still open to members. They included –

1. Many of the schemes provide the minimum statutory level of employer superannuation support ie an amount equal to the current level of the Commonwealth Superannuation Guarantee (9.5% of salary).
2. There are no requirement for members to contribute from their own salary into their retirement plans. This of course will result in a large number of police officers reaching retirement age did not have sufficient accrued superannuation to support a comfortable retirement.
3. Inadequate and poor default or automatic insurance cover in many schemes. Some schemes also had death and TPD insurance cover that tapered off too rapidly such that the cover at age 50 was poor.
4. Some schemes do not automatically include income protection arrangements or have inadequate or poor income protection benefits.

5. 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.
6. The length of the wait period for income protection benefits in some of the schemes. In some schemes the default wait period is between 60 days and nine 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.
7. Most schemes have some parenting leave provisions that may be considered reasonable. However, they generally only provide an accrual of superannuation benefits during paid parental leave.
8. The general inability for police officers to access their accrued superannuation from 55 years, particularly where they are 'burnt out' either physically or mentally, yet not suffering from any identified medical condition. This is a shortcoming for all the schemes and relates to the Commonwealth preservation rules in which the age at which superannuation can be accessed is increased from 55 to 60 years. There has even been talk about further lifting the age at which workers can access their superannuation above age 60. The Federal Government needs to recognise the special needs of police officers.

Whilst not all of foregoing relates to the Terms of Reference outlined in this inquiry, they are issues that have been identified as shortcomings in current police schemes and therefore of great concern to our membership.

In relation to issues that might better fit within the Terms of Reference of this inquiry, I point out the following –

- Police officers are primarily members of not for profit schemes which we believe should be considered differently from the profit funds.
- A major issue in the view of the PFA is superannuation adequacy. There are currently five funds across the eight police jurisdictions that provide members with above the statutory rate of employer contribution of 9.5%. We believe that this is insufficient to meet the needs of police officers into the future.
- The PFA are also conscious that funds that provide superannuation services to our members should ensure added services such as easily accessible call

centres, digital access to accounts and information, seminars and regular advice.

- An issue often overlooked or not sufficiently provided for in some superannuation funds is that of death and disability insurance arrangements. This is an issue that was clearly identified in the PFA commissioned report above. The issue of disability insurance in their superannuation product is vitally important to police as it is extremely difficult to find individual Total and Permanent Disability (TPD) coverage and income protection outside of the existing public sector funds due to the dangerous nature of police work.
- The public sector funds, even though they have many shortcomings, seem to be more relevant to police members due to the links with their police force, their respective government and also their police association/union. Often this is in relation to jointly funded and default insurance arrangements.

It is for the above reasons we are supportive of continuing current default arrangements for police, into their respective public sector funds.

Mark Burgess
CEO
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