

ACT Budget Consultation
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Dear Sir/Madam

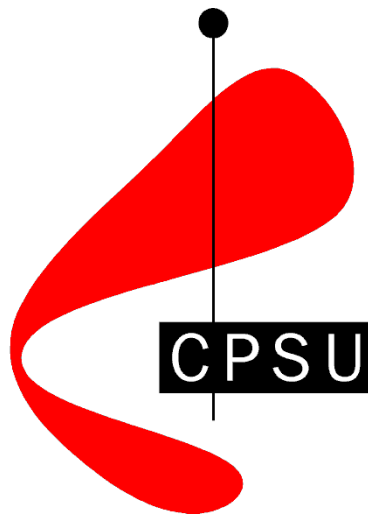
CPSU Submission to Australian Capital Territory Government Budget 2018-19

The Community and Public Sector Union (CPSU) is an active and progressive union committed to the promotion of a modern efficient and responsive public sector that delivers quality services and quality jobs. We are the principal union representing employees in the ACT Public Service.

The CPSU welcomes this opportunity to make a submission to the ACT Government Consultation on the 2018-2019 Budget. We are committed to an efficient and effective ACT public service and a financially responsible and stable ACT Government.

Regards

Ash van Dijk
CPSU ACT Regional Secretary



**CPSU (PSU Group) Submission:
2018-19 ACT Budget**

Chief Minister and Treasury Directorate

October 2017

Summary of Recommendations

1. Increase the number of secure ACTPS jobs by transitioning labour hire, non-ongoing and casual staff into permanent employment.
2. Invest funds into establishing an independent Work Safety authority with appropriate staffing and regulatory capacity.
3. Provide additional funds to the ACTPS to meet increasing workloads and demands.
4. Rule out funding additional work by cutting back office functions that are already under-resourced.
5. Prioritise workforce planning to manage the ageing workforce.
6. Create, in collaboration with the CPSU, an ACTPS Youth Cadetship Scheme to create a career pathway for young people and develop a more diverse ACTPS.
7. Commit to providing timely and competitive pay rises of at least 3 per cent per annum and maintaining existing employment conditions to attract and retain staff.
8. Involve and consult with staff in decision-making processes to address existing and growing pressures on public services.
9. Guarantee ongoing increases to minimum employer superannuation contributions in the new Enterprise Agreement of at least 0.5 per cent per annum.
10. Ensure employer superannuation contributions continue during periods of unpaid parental leave.

Overview

The Community and Public Sector Union (CPSU) PSU Group is an active and progressive union committed to promoting a modern, efficient and responsive public sector delivering quality services and quality jobs. As the largest union in the ACT Public Service (ACTPS), the CPSU welcomes the opportunity to participate in the 2018-19 ACT Budget Consultation.

With a growing Canberra community, it is increasingly important that the ACTPS is funded to deliver an expanded provision of public services. In addition to the expanded delivery of frontline services, policy development and planning needs to be undertaken so that public services can adapt to the changing needs of the community, in order to meet community expectations.

The ACTPS has a vital role to play in meeting community expectations to reduce and ameliorate the impact of growing inequality in Canberra. In a report on income inequality, the ACTU identified that income inequality in Australia is higher than in most OECD advanced economies and has risen in the past two decades.¹ Government action at all levels is required in order to address these growing problems in Australian society. The changing environment, climate change and rising household costs all feed into the increasing experience of inequality in our community. Government support and action is required to

¹ ACTU Submission Inquiry into the extent of income inequality in Australia. 29 August 2014.

assist our community overcome these issues. A well-resourced ACTPS is needed to effectively tackle inequality.

Increasing community expectations have not been matched by additional investment in the ACTPS. Since the Global Financial Crisis, Governments have been in a tight fiscal circumstances, needing to match continued demand for public services, with a falling revenue base. The federal government with its focus on austerity and job cuts in the Australian Public Service, has had a specific impact on the ACT community, and flow onto the ACTPS.

Over the last decade, the ACT Government has made staffing decisions, including large cuts which has led to increasing workload pressures for the ACTPS. Understaffing, combined with the unintended effects of structural changes, combined with inconsistent management styles within the ACTPS shows that a new approach is needed to address these long term challenges. These issues are not new ones, but we need to try a new approach to address them to ensure the ACTPS has the resources and capabilities to deliver on community expectations.

This submission outlines why the ACT Government should prioritise investing in the ACTPS to build and maintain the necessary capacity to meet the growing needs of the Canberra community. Specific areas requiring attention in the 2018-19 Budget include:

1. Addressing insecure employment in the ACTPS;
2. Recognising the importance of “back office” support functions;
3. Ongoing workload pressures in the ACTPS;
4. The need for an independent Work Safety authority;
5. Attracting and retaining skilled staff
6. Prioritising workforce planning;
7. Ensuring adequate retirement incomes for ACTPS employees;
8. Tackling gender inequality by ensuring employer superannuation contributions continue during periods of unpaid parental leave.

Ensuring secure employment in the ACTPS

Insecure work is a growing issue across Australia in all sectors and the ACTPS is no exception. The recently released ACT State of the Service report highlights that approximately 24.2 per cent of all ACTPS employees are engaged on a “non-ongoing” basis, classified as either temporary or casual.²

² ACT Public Service Head of Service (2017, October). ACT State of the Service Report 2016-17. ACT Government. Retrieved from <http://www.cmd.act.gov.au/functions/publications/2016-17annualreport>

Figure 1 Employment Modes (Proportion of total workforce based on headcount)

| Type | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|------------------|---------|---------|---------|---------|---------|---------|
| Permanent | 77.9% | 77.6% | 77.4% | 77.6% | 76.7% | 75.9% |
| Temporary | 15.3% | 15.3% | 15.6% | 15.9% | 16.8% | 17.4% |
| Casual | 6.8% | 7.1% | 7.1% | 6.5% | 6.5% | 6.8% |

Source: Previous ACT State of the Service Reports

ACTPS Use of Non-Ongoing Employees

The use of non-ongoing employment varies greatly by Directorate and by work area within each agency. Figure 2 shows the number of non-ongoing staff in each Directorate and entity and what proportion they make up.

Figure 2 Number of non-ongoing (temporary and casual) FTE staff by Directorate

| | Non-ongoing | Proportion |
|--|-------------|------------|
| Chief Minister, Treasury and Economic Development | 383.8 | 16.2% |
| ACT Insurance Authority | 1 | 5.7% |
| Independent Competition and Regulatory Commission | 4.6 | 47.9% |
| Land Development Agency | 16.2 | 14.8% |
| Long Service Leave Authority | 3.7 | 27.0% |
| Community Services | 120.6 | 14.4% |
| Education | 1264.9 | 23.3% |
| ACT Quality Teaching Institute | 3 | 25.4% |
| Environment, Planning and Sustainable Development | 144.1 | 25.7% |
| Health | 1598.2 | 24.7% |
| Justice and Community Safety | 265.9 | 15.4% |
| Transport Canberra and City Services | 288.2 | 16.8% |

Source: ACT State of the Service Report 2016-17

Whilst “flexibility” and “efficiency” are often given as reasons by employers for engaging insecure workers, in the CPSU’s experience any benefits of this sort tend to be at the expense of employee conditions. Poor workforce planning can also be a factor when the lack of an

appropriate number of skilled staff produces a reliance on contracting or labour hire arrangements.

The use of non-ongoing employment arrangements can in fact lead to additional financial costs to employers such as additional recruitment and training costs, the premium paid to labour hire companies and the increased expense of using contractors. Longer term costs can include loss of corporate knowledge and business continuity, reduced security of information and accountability, reduction in the quality of services, and lower staff morale.

Insecure work continues to be a significant issue in the ACTPS. It is necessary to pursue more far-reaching and comprehensive solutions to ensure that this group of employees have access to fair and reasonable entitlements, and that the services our members are employed to provide are not compromised by an unnecessary reliance on non-permanent employees.

The Public Sector Management Act 1994 (the PSM Act) regulates employment arrangements in the ACTPS. This act specifies that there are needs for “temporary employees” but the specified term is that they “may employ the person for a fixed term of— (a) less than 12 months; or (b) if the head of service consults the principal union about the need for the temporary employment—less than 5 years.”³

Despite this, non-ongoing employment is consistently used in the ACTPS, accounting for approximately 24.2 per cent of the workforce.⁴ Of particular concern, are the higher rates of non-ongoing employment amongst Aboriginal and Torres Strait employees, employees with a disability and culturally and linguistically diverse employees, as well as which directorates in the ACTPS these non-ongoing jobs are concentrated in.

Labour hire workers have less job security, fewer entitlements and as a result are less satisfied with their position. This has flow on consequences for many areas of their lives such as the ability to plan for the future, eligibility for loans and accessing rental accommodation. The CPSU contends that reducing reliance on labour hire strengthens corporate knowledge, increases business continuity, improves security of information and accountability, improves quality of service, and increases staff morale.

The high use of arbitrary labour hire can have poor results for Government agencies. A NSW Auditor-General report into the use of labour hire by the Department of Industry, Transport for NSW and the Department of Education found that these departments were not able to demonstrate their use of labour hire was the best strategy to meet gaps in their workforce. It found that due to the absence of workforce plans they were not able to demonstrate whether their use of outsourced labour was the best use of resource capabilities and recommended

³ *The Public Sector Management Act 1994* Division 5.8 Temporary Work

⁴ ACT Public Service Head of Service (2017, October). ACT State of the Service Report 2016-17. ACT Government. Retrieved from <http://www.cmd.act.gov.au/functions/publications/2016-17annualreport>

that it perform an agency wide analysis in order to assess whether outsourced labour hire was actually addressing short term skill gaps and the best use of resources.⁵

While the use of outsourced labour hire is meant to be used for temporary skill gaps, CPSU delegates have told us that there is currently a hiring round of people to go onto contracts in these shop fronts, and that current staff are being asked to reapply for their exact same jobs in order to stay on. This leaves staff feeling under pressure in their own jobs and calls into question whether these jobs necessarily need to be outsourced contracts when there are clearly ongoing needs for them.

Recommendation:

Increase the number of secure ACTPS jobs by transitioning labour hire, non-ongoing and casual staff into permanent employment.

Ensuring the work health and safety of all Canberrans

WorkSafe

In 2015, WorkSafe was merged into the Office of Regulatory Services in 2006, and then into Access Canberra in 2015. Access Canberra is the same agency that regulates consumer law, gaming, parking fines, environmental protection and pet registration.

As part of that amalgamation, Access Canberra imposed a new compliance framework onto WorkSafe. This new framework removes the priority away from compliance and enforcement of the law. WorkSafe's prosecution policy was changed so that WorkSafe now only prosecutes the most "serious" breaches of work safety laws. Finally, the new framework requires WorkSafe to focus on educating employers, at the expense of workplace visits by inspectors.

There have been long held concerns about the lack of a public policy case for the merger of WorkSafe into Access Canberra and the failure to consult stakeholders prior to the merger. The CPSU notes that the 1997 Hospital Explosion inquest recommended that WorkCover (now WorkSafe) and DGU (Dangerous Goods Unit) should be independent statutory authority with appropriate funding and resources. Furthermore, the 2011 Hawke Review Reforms recommended, when specifically referring to ORS and WorkSafe ACT, against the creation of roles where individuals are to exercise the total powers of multiple regulators.

Call centre staff at Access Canberra have not received the proper training required to respond to queries from the public about work safety. Staff indicated they regularly get calls from people who are at crisis after experiencing sustained bullying at work. While there are plans to provide Lifeline training, it shows that work safety is very different to regulating parking

⁵ Audit Office of NSW, 'Auditor General's Report to Parliament: Contingent workforce: management and procurement', 27 April 2017

finances and pet registration. It highlights the need to treat work safety separately from other regulatory areas.

Given all this, WorkSafe should be an independent authority as it would allow it the autonomy to focus on enforcing safety regulations and prioritising the compliance and enforcement of laws. The ACT Government should move WorkSafe out of Access Canberra and provide the necessary funds to ensure the establishment of an independent Work Safety authority.

Recommendation:

Invest funds into establishing an independent Work Safety authority with appropriate staffing and regulatory capacity.

A well-resourced public service that delivers for our community

Frontline services and “back office” functions – it all contributes

All Canberrans rely on the ACTPS on a daily basis, and because of this the community supports strong and effective public services that meet their needs. The ACTPS works hard in a professional and non-partisan manner to provide these services, however, like its counterparts elsewhere, there are increasing pressures on the employees whose job it is to deliver public services to the community and implement public policy.

All Directorates (bar front line services) have experienced budget cuts, with some now at breaking point. As a result, most Directorates now have a diminished capacity to service the community.

This submission highlights some examples of staffing cuts and underfunding in the Health directorate, Bimberi Youth Justice Centre, Access Canberra, Environmental Protection Agency, Alexander Maconochie Centre, State Emergency Service, Courts and probation parole.

Health

In the Health directorate, there is a lack of adequate resourcing and a high number of staff are on contracts. Some areas are not being appropriately backfilled. In some cases this has resulted in staff being declined leave and being asked to apply for leave a couple of years in advance. This has resulted in high workloads for the remaining staff, which results in high amounts of stress. This is exacerbated by a lack of consultation which is an ongoing issue.

Access Canberra – EPA

Access Canberra has experienced significant cuts over the past few years. A voluntary redundancy process at Access Canberra two years ago resulted in 77 staff taking a VR. It has led to a situation where there are high numbers of contractors, approximately four in five, in shop fronts. Since then there have been further Directorate cutbacks impacting on staff training, increased workloads with limited career prospects as positions are not always being back filled.

The Environmental Protection Authority lost three positions as well as their status as an independent authority, being merged into Access Canberra.

Alexander Maconochie Centre (AMC) & Court Transport Unit (CTU) - JACS Corrections

There has been a continual understaffing of the AMC, staffing levels have not been increased to reflect the new facilities within AMC. The short staffing is impacting on Correctional Officers' ability to access annual leave.

Court Transport Unit staffing levels have not been reviewed since it has commenced. Weekend hearings have increased with more violence detainees but being staffed by the same Correctional Officers skeleton crew, leading to concerns about officer safety.

Bimberi Youth Justice Centre

Issues with Bimberi Youth Justice Centre are well-known and have been documented in the media. The CPSU has been on the record previously, highlighting inadequate staffing levels and the lack of training as key issues raised by Bimberi staff.⁶

State Emergency Service (SES)

FTE staffing has only increased by one person since 2003 (8 in total) despite servicing all of the ACT & supporting other local areas. Positions have not been backfilled, causing unreasonable workloads of staff, requiring them to backfill volunteer training outside normal business hours. Staff inform the CPSU that the SES needs an additional two staff to reflect current workloads.

ACT Law Courts

Domestic violence & drug related matters have increased dramatically per annum over the past three years. Despite high volume workloads, there has not been an increase to FTE, the Courts are still working to the same FTE from 5 years ago. This has meant a diminished capacity for staff to provide a timely service to the community.

⁶ Steven Trask (2017, 4 July). Bimberi workers speak out about toxic culture in ACT youth detention. Canberra Times. Retrieved from <http://www.canberratimes.com.au/act-news/bimberi-workers-speak-out-about-toxic-culture-in-act-youth-detention-20170628-gx0vx5.html>

Community Corrections - Probation parole

There have been higher workloads due to increased detention numbers and pressure to process cases quicker have resulted in a higher demand on the probation unit. Staffing numbers, allocations & workload formula need to be reviewed immediately.

The CPSU notes that in previous Budgets, additional funding for health and education staff was funded through cuts to other “back office” parts of the ACTPS. There is a false distinction between “frontline” and “back office” staff. “Back office” staff provide administrative support and play an important role in ensuring frontline public services run effectively. Ensuring an effective and efficient back office/administrative function can in reality make frontline services more efficient as that administrative burden is removed.

Constantly under resourcing “back office” staff will have flow on effects on “frontline” services. Cutting “back office” jobs only result in fewer staff doing the same amount of work and poorer quality support. The reality is that quarantining frontline services from cuts will not shield the public from the impact. Cutting support staff just means frontline workers spend more and more of the time they are meant to be serving the public on other duties. The ACT Government must ensure that additional investments in public services are not funded through targeted cuts to administrative staff.

The ACT Government has an opportunity to turn this around and demonstrate its genuine commitment to public services and institutions that are the foundation of our community. It should commit to working with public service employees and the community to ensure best practice in service delivery. This requires adequate levels of staffing and resources.

The CPSU recommends that 2018-19 Budget provides additional investment in public services to meet increasing workloads and demands. Without additional funding and staffing, further pressure will be placed on services and the standard of living the community expects.

Recommendation:

Provide additional funds to the ACTPS to meet increasing workloads and demands.

Rule out funding additional work by cutting back office functions that are already under-resourced.

Workforce planning

The ongoing increase in workloads in the ACTPS highlighted in this submission demonstrates the need for better workforce planning to manage pressures and plan for the growing and ageing population.

Competitive pay and conditions to attract and retain the best skilled and experienced staff is required to underpin workforce planning. Only with the best staff can the ACTPS deliver the quality public services that Canberrans deserve.

There also needs to be a change in management culture so staff are genuinely and regularly consulted about existing and growing pressures. The ACTPS should foster a positive and productive workplace culture which values and respects the input of staff. Properly involving and utilising the capacity and experience of the ACTPS workforce will not only help create such a workplace culture but also result in a better public service. ACTPS employees are uniquely placed to provide input into how public services can be improved and ameliorate problems when addressing the complex issues Canberra faces.

Planning for an ageing workforce

Australia has an ageing population and like other organisations, the ACTPS is not immune. In June 2017, 31.0 per cent of the ACTPS workforce was over the age of 50 and the workforce is continuing to gradually age.⁷

Over the past five years there have been slight changes in the proportion of each age group within the ACT Public Service.⁸ The biggest growth over the five year period continues to be that of the 70+ age group with a growth rate of 35.5 per cent, while the <20 age group experienced the only decrease.⁹

The continuing ageing of the ACTPS workforce highlights that the ACT Government must prioritise and invest in workforce planning to attract and retain skilled staff. It should help manage the transition to retirement by making it easier for people to work longer in the ACTPS to ensure that corporate knowledge and experience is not lost. The promotion of phased employment and provision of flexible provisions to retain older employees in future enterprise agreements should be adopted.

The ACT Government could also use workforce planning to help address broader issues such as youth unemployment. The CPSU notes that recent data from June 2017 indicates that youth unemployment in Canberra is 11.1 per cent, over double the official unemployment rate in Canberra of 4.8 per cent.¹⁰ Across all industries, experience is increasingly becoming a prerequisite for employers and the ACTPS should play a role in helping to address youth unemployment and provide work experience by creating more entry-level positions, not just relying on graduate programs. An example for the ACTPS to consider is the Youth Cadetship

⁷ ACT Public Service Head of Service (2017, October). ACT State of the Service Report 2016-17. ACT Government. Retrieved from <http://www.cmd.act.gov.au/functions/publications/2016-17annualreport>

⁸ ACT Public Service Head of Service (2017, October). ACT State of the Service Report 2016-17. ACT Government. Retrieved from <http://www.cmd.act.gov.au/functions/publications/2016-17annualreport>

⁹ ACT Public Service Head of Service (2017, October). ACT State of the Service Report 2016-17. ACT Government. Retrieved from <http://www.cmd.act.gov.au/functions/publications/2016-17annualreport>

¹⁰ Department of Employment (2017, 28 October). Labour Force Region (SA4) - Australian Capital Territory. Retrieved from http://lmip.gov.au/default.aspx?LMIP/LFR_SAFour/ACT

Scheme that has been established by the Victorian Government and developed in collaboration with the CPSU.¹¹

Attracting and retaining employees with competitive pay and conditions

According to the recent State of the Service report, six Directorates reported that they did experience critical skills shortages, capability gaps or difficulty recruiting to or retaining employees in certain positions during 2016-17. Directorates reported difficulty attracting and recruiting employees with specialist skills and from a diverse set of backgrounds.

Care and Protection services is a case in point as they have struggled with attraction and retention. While roles have always been demanding, previously the ACTPS had great comparable pay and conditions which meant that they could attract and retain qualified staff. Many not-for-profit organisations now have better pay and conditions, meaning the ACTPS is struggling to retain staff. The CPSU understands that it has reached the point where running advertising for recruitment in New Zealand to attract staff is being considered.

This example highlights the importance of an Enterprise Agreement with competitive pay and conditions to attract and retain skilled employees as part of workforce planning. The upcoming round of ACTPS bargaining must prioritise attracting and retaining the best skilled and experienced staff.

As much of the APS and ACTPS compete for the same workforce, the ACTPS must do what it can to guarantee it remains an attractive employment option. The ACTPS needs to ensure salaries remain competitive with the APS and other labour market competitors through the upcoming round of ACTPS-wide bargaining. Maintaining existing ACTPS conditions and increasing superannuation are also essential to attract and retain the best employees.

It is important that wage increases are timely and that employees are able to meet their financial needs. The APS is the major employer in the ACT and it is essential that the ACTPS pay rates remain competitive to ensure that the ACTPS can attract and retain skilled staff.

If the ACT government does not adequately fund ACTPS agencies for pay increases in the short to medium term and relies on a complex calculation based on Canberra Consumer Price Index, the ACTPS will fall behind the APS and no longer be an attractive option in the ACT for skilled applicants.

The CPSU calls on the ACT Government to guarantee competitive pay rises of at least 3 per cent per annum to reduce the gap between ACTPS and APS employees, calculated from 1 July 2017 to the proposed nominal expiry date in 2021. In doing so the ACT Government must ensure that the forward estimates reflect realistic funding for competitive pay rises.

¹¹ Victorian Government. Youth Cadetship Scheme. Retrieved from <http://jobs.vic.gov.au/about-jobs-victoria/youth-cadetship-scheme>

Recommendation:

Prioritise workforce planning to manage the ageing workforce.

Create, in collaboration with the CPSU, an ACTPS Youth Cadetship Scheme to create a career pathway for young people and develop a more diverse ACTPS.

Commit to providing timely and competitive pay rises of at least 3 per cent per annum and maintaining existing employment conditions to attract and retain staff.

Involve and consult with staff in decision-making processes to address existing and growing pressures on public services.

Guaranteeing adequate retirement incomes

Superannuation continues to be a very important issue for ACTPS. With an ageing population, an increased superannuation contribution guarantee is needed to ensure a sufficient retirement income for ACTPS employees. The ACT Government must also ensure that superannuation contributions continue when employees are on unpaid parental leave. The CPSU has raised these issues previously and they must be addressed in the 2018-19 Budget.

Increasing ACT Government superannuation contributions

The CPSU has consistently advocated for the ACT Government to increase the rate of their employer superannuation contributions. ACTPS employees will not have a sufficient retirement income if they are reliant on a stagnant 10.5 per cent ACT Government superannuation contribution.

The ACT Government previously entered a Deed of Agreement with unions committing to the previous federal ALP Government's timetable of raising superannuation. This Deed ensured that that superannuation rose to 10.5 per cent during the life of the current enterprise agreement.

The CPSU notes that if employees choose to personally contribute 3 per cent or more of their salary into a superannuation fund, the ACT Government will contribute a further 1 per cent into your fund bringing the overall employer contribution rate up to 11.5 per cent. This, however, disadvantages employees who are not in the financial position to make additional contributions.

Given that the main competitor for employees for the ACTPS is the APS, it should seek to match it. The ACT Government should commit to continue increasing the superannuation contributions provided to ACTPS workers receiving the current 10.5 per cent contribution by 0.5 per cent each financial year and guarantee this by including it as a common term in enterprise agreements.

While the CPSU supports ACTPS employees having a superannuation guarantee of 15.4 per cent, the CPSU acknowledges that a significant superannuation guarantee increase in a single year may delay settlement of bargaining. An incremental advancement in employment superannuation contribution rates of 0.5 per cent per annum up to 12.5 per cent by October 2021, to move employees closer to achieving fair and sustainable retirement incomes, would be a modest and achievable outcome. The CPSU specifically notes that employees at Icon Water, an ACT Government owned public utility, had their contributions increased to 15% from 1 July 2016.¹²

If the ACT Government is genuinely serious about ACTPS conditions remaining competitive with the APS, the superannuation guarantee must be included in the upcoming enterprise agreement to ensuring ACTPS employees have sufficient retirement. Given the 2006-07 ACT Budget unilaterally reduced the employer contribution rate for new starters from a minimum 15.4 per cent to 9 per cent, a Deed of Agreement will not protect superannuation entitlements.

Federal enterprise bargaining agreements include the specific 15.4 per cent and the ACTPS must include the superannuation guarantee in future ACTPS agreements. The failure to include the superannuation guarantee in the enterprise agreement will show that the ACT Government is not serious about guaranteeing a comfortable retirement for ACTPS employees.

Super on unpaid parental leave

The CPSU again recommends that the ACT Government introduces the payment of employer superannuation contributions for periods of unpaid parental leave for ACTPS employees. The failure to address this long standing issue has only added to the economic insecurity for women in retirement.

Research by the Association of Superannuation Funds of Australia (ASFA) shows there continues to be a large inequity between men and women when it comes to superannuation balances and final superannuation amounts. The average superannuation balance for women at 2013-14 was \$54,916 compared to an average of \$98,535 for men.¹³ For superannuation balances at retirement, men received an average of \$292,500 and women only received \$138,150.¹⁴

There are many reasons why women have lower superannuation pay outs than men. The existing superannuation system assumes an average of 40 years spent in continuous, full-time

¹² ACTEWAGL and Combined Unions Enterprise Agreement 2014

¹³ Ross Clare (2015, December). Superannuation account balances by age and gender. ASFA Research and Resource Centre.

¹⁴ Ross Clare (2015, December). Superannuation account balances by age and gender. ASFA Research and Resource Centre.

employment to accumulate sufficient retirement savings. The reality, however, is that Australian women spend about half as many years in paid employment as Australian men.¹⁵

The labour force participation rate for women declines for the two decades after women reach their mid-20s. Women often move from full-time to part-time employment or interrupt their careers to accommodate caring responsibilities for children and elderly parents. Women's fragmented patterns of paid work can have a very significant impact on their super accumulations. Joyce Phillips, ANZ head of global, has stated that every time a woman leaves the workforce to have a child, the gender super gap is increased by 4 per cent.¹⁶

The gender pay gap also plays a role as men earn more, on average, than women, and given that compulsory employer superannuation contributions are based on a percentage of income, they will be higher for men than for women.¹⁷

Periods of time away from the workforce, lower labour force participation rates, the gender pay gap and a greater likelihood working part-time or often being employed in lower paying jobs can result in very different retirement outcomes for men and women.

CANSTAR analysed the impact of five years out of the workforce at retirement age for a 30 year-old female on a current salary of \$60,000. The financial loss to their superannuation was estimated to be approximately \$156,000. For someone working part time earning \$30,000, the superannuation impact for five years out of the workforce was estimated to be \$78,000.¹⁸

Additional superannuation contributions can make a significant difference to retirement super balances. The provision of superannuation contributions for periods of unpaid parental leave is one measure that can help address this gender gap. The compounding effect of superannuation contributions means taking leave early on in their working lives makes a significant difference to the final amount received on retirement.

To ensure equity when women retire and in recognition of the fact that women generally earn lower incomes than men, it is particularly important for women to continue to receive superannuation contributions early on in their working lives.

The CPSU Core Claim since September 2009 has sought that employers pay employees superannuation contributions for periods of unpaid parental leave and now a significant number of commonwealth government agencies have provisions to ensure this in their

¹⁵ Workplace Gender Equality Agency (2014, 4 March). Perspective Paper: Women's economic security in retirement.

¹⁶ Australian Financial Review (2015, 22 September). 'Live: Australian Financial Review Tax Reform Summit Day Two'. Retrieved from <http://www.afr.com/news/policy/tax/live-australian-financial-review-tax-reform-summit-day-two-20150922-gjsg95#ixzz3mbjoEviV>

¹⁷ Australian Senate (2016, April). 'A husband is not a retirement plan' Achieving economic security for women in retirement. Economics References Committee.

¹⁸ Justine Davies (2014, 27 June). Childcare is expensive – but so is not working. Canstar. Retrieved from <http://www.canstar.com.au/opinions/childcare-is-expensive-but-so-is-not-working/>

enterprise agreements. Approximately half of APS agreements analysed by the CPSU provide for superannuation payments to employees while on unpaid parental leave.

These early achievements in the Australian Public Service set a precedent, with several large banks (Westpac and NAB) in June 2010 agreeing to some compensation for lost superannuation accrual during periods of maternity leave.

If the ACT Government is serious about tackling gender inequality, it must commit to providing superannuation contributions during periods of unpaid parental leave.

Recommendation:

Guarantee ongoing increases to minimum employer superannuation contributions in the new Enterprise Agreement of at least 0.5 per cent per annum.

Ensure employer superannuation contributions continue during periods of unpaid parental leave.