



Shop Distributive and Allied Employees' Association

**THE UNION FOR WORKERS IN  
RETAIL. FAST FOOD. WAREHOUSING.**

# **SDA Submission**

## **ISWG Draft Insurance in Superannuation Code of Practice**

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## INTRODUCTION

1. The Shop, Distributive and Allied Employees' Association (SDA) is one of Australia's largest trade unions with over 213,000 members. The majority of these members are women and young people. Almost 60% of SDA members are female, equating to approximately 131,000 women. The SDA has membership in retail, fast food, warehousing, hairdressing, pharmacy and modelling.
2. The SDA's submission in relation to the *ISWG Consultation Paper – September 2017: Insurance in Superannuation Code of Practice* is primarily in response to the proposed changes to the cessation of cover provided at Section 4.25 of the Draft and Feedback question 10 of the consultation paper.

### Cancellation and cessation of cover

3. Section 4.25 of the Draft introduces a cessation of insurance cover for Automatic Insurance Members if no eligible contributions have been received by the Fund for 13 months', unless the member informs the Fund they want to retain the cover.
4. The SDA is greatly concerned with the discriminatory impact this proposal will have on women.
5. One of the main reasons that employees' eligible contributions cease for a long period of time is because they have taken a period of parental leave. Despite the increase in the participation of women in the workforce, little has changed to the cultural norm widely accepted in Australia that women undertake the bulk of the parenting and caring responsibilities.
6. Given this, introducing a cessation of cover after a period of 13 months' will have a discriminatory impact on women. Currently, the Retail Employee's Superannuation Trust (REST) continues a members' insurance cover while they are on a period of parental leave. The only time this may change is where

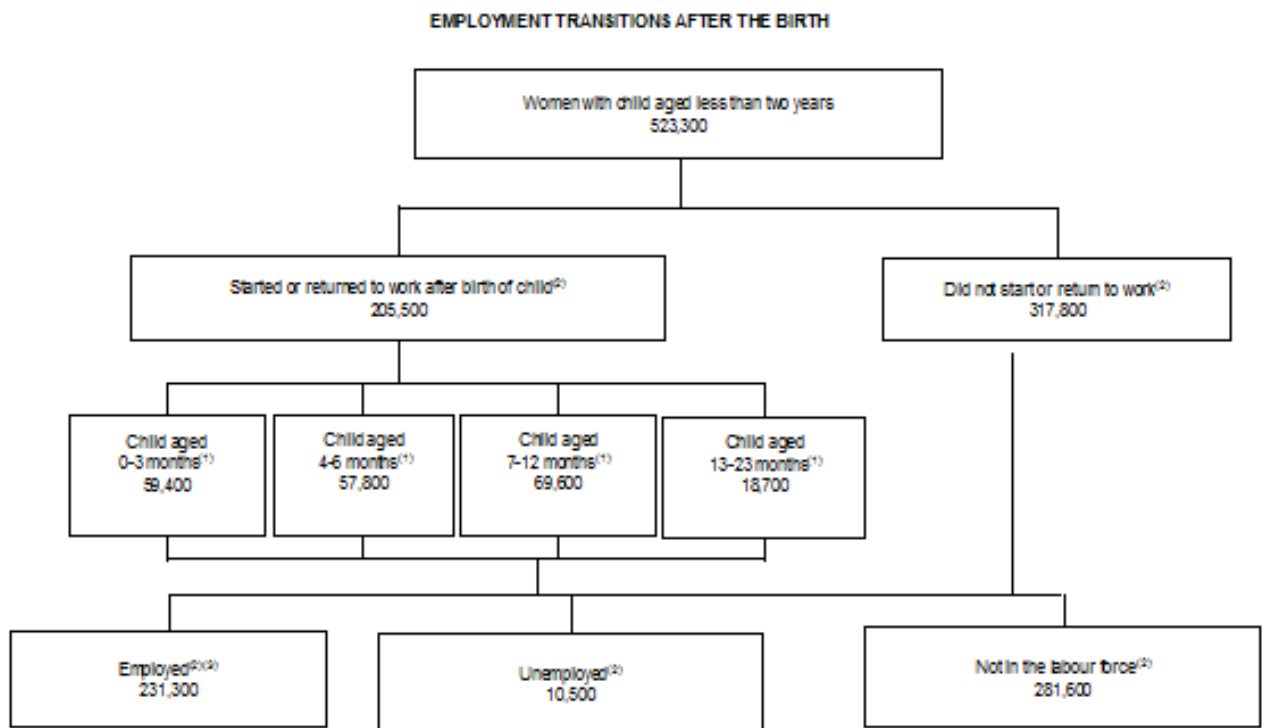
a members' balance is getting low and the member is advised and provided a choice to continue the cover upon making contributions to the Fund.

7. Whilst we acknowledge that the draft provides for a mechanism at sections 5.23 to 5.26 for Funds to communicate with members regarding the cessation of cover and providing them with options to continue or reinstate the cover, we submit that 13 months' is not an appropriate benchmark for automatic cessation of cover.
8. Section 70 of the *Fair Work Act 2009* provides a right for permanent and regular casual employees with more than 12 months service to take 12 months parental leave on the birth or adoption of a child. Section 76 of the *Fair Work Act 2009* provides the right for employees to request a further 12 months parental leave which an employer may only refuse on reasonable business grounds.
9. In addition, the SDA has negotiated many enterprise agreements which also provide by right, up to 104 weeks unpaid parental leave.
10. The SDA submits that if a limit is placed on how long an Automatic Insurance Member's cover can continue while no eligible contributions are received then this should be at least 24 months as this would be consistent with the rights provided to employees taking parental leave under the *Fair Work Act* and would provide more appropriate access to cover and greater protection for women while they are on parental leave.
11. A survey of SDA members conducted a few years ago showed that 10% of members who return to work take between 12 months and 2 years parental leave.
12. The following table is taken from the latest Australian Bureau of Statistics data on Pregnancy and Employment Transitions<sup>1</sup>. This table shows that just over 9% (18700) of the 205000 women who returned or started to work before their child turned two did so when their child was aged between 13

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<sup>1</sup> 4913.0 - Pregnancy and Employment Transitions, Australia, Nov 2011

and 23 months. 60% (317800) of all women with children under 2 do not return to work or start work while their child is aged less than 2 years.



1. Age of child has been rounded to the nearest month.

2. As at November 2011.

3. Includes women who have not started or returned to work and were on paid leave at the time of the survey.

13. Therefore, introducing 13 months as the limit on providing automatic continued insurance cover to members when eligible contributions have ceased would have a significant impact on employees who are on parental leave while their child is under two and while they have a legal right to be on a period of parental leave.

14. This also provides further argument for the need to change the Superannuation Guarantee Legislation to obligate employers to pay superannuation to employees while they are receiving the Government Parental Leave Payment and employer Paid Parental Leave. Not only would this assist in boosting the superannuation balances of women and help to close the enormous gender retirement gap, but it would also reduce the period they do not receive employer contributions during parental leave. If

this period is reduced then women will have access to continued automatic cover for longer.

15. With a gender retirement gap of over 46% we know that the current design of the superannuation system inherently discriminates against women and results in women retiring on half the retirement savings of men and retiring into poverty at a much higher rate.
16. We must ensure that any changes to superannuation, including changes to the insurance cover provided by Funds, do not result in unintended discriminatory outcomes for women. Setting the time for cessation of cover at 13 months will result on this as it will have a detrimental impact on women on parental leave.
17. As one of the predominant reasons a member's contributions would cease for a long period of time is due to taking parental leave, the time for cessation of cover for Automatic Insurance Members should reflect the legislative rights to parental leave provided under the *Fair Work Act 2009*.
18. The SDA strongly recommends that is the ISWG aligns the cessation of automatic cover with the 24 months provided for in s70 of the Fair Work Act.