

Commissioner of Public Employment and  
Northern Territory Treasury  
Northern Territory Budget 2012-13  
Darwin NT 0801

Email: [Graham.Symons@nt.gov.au](mailto:Graham.Symons@nt.gov.au)  
Email: [NTTreasury.NTT@nt.gov.au](mailto:NTTreasury.NTT@nt.gov.au)

9 November 2011

Dear Mr Symonds and NT Treasury

### **CPSU Submission to Northern Territory Government Budget 2012-13**

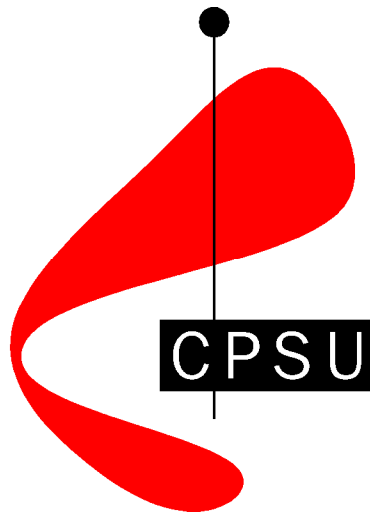
Please find attached a submission from the Community and Public Sector Union (CPSU) submission to the Northern Territory Government regarding the 2012-2013 Budget. We are committed to an efficient and effective NT public service and a financially responsible and stable NT Government.

The CPSU appreciates the opportunity to make a submission to the NT Government on its 2011-12 Budget, and would be pleased to further discuss our recommendations.

Should you wish to discuss this submission any further you can contact me at [kay.densley@cpsu.org.au](mailto:kay.densley@cpsu.org.au), or on (08) 8982 8506.

Yours sincerely

Kay Densley  
**A/g CPSU NT Regional Director**



**CPSU (PSU Group) Submission:**

**Northern Territory 2012-13 Budget**

**November 2011**

## Background and Summary of Recommendations

The Community and Public Sector Union (CPSU) represents public sector employees who work and generally reside in the Northern Territory (NT). Specifically, the CPSU represents employees of the NT Government, employed primarily in clerical, administrative, managerial and professional roles, as well as employees of the Australian Public Service (APS) and Commonwealth Statutory Authorities.

This submission has been prepared after consultation with CPSU NT Government Section Council members. Through this process, the CPSU has identified issues regarding:

- A fully resourced public service including: the negative impact of the efficiency dividend, the need to work with CPSU members and the community to identify best practice, and the impact of the staffing cap;
- Pay equity;
- Attraction and retention of staff – including the impact of a migratory workforce, labour market pressures including attraction and retention issues; and the high cost of living;
- Temporary contracts;
- The employment of Aboriginal and Torres Strait Islander peoples;
- Superannuation; and
- Health and Safety.

### Summary of Recommendations

1. The efficiency dividend cease and the NT Government work with the CPSU and CPSU members to develop an alternative to the efficiency dividend.
2. The NT Government work with public service employees and the community to ensure best practice in service delivery.
3. The NT Government end the full-time equivalent cap on staff recruitment immediately.
4. The NT Government fully fund a pay equity audit of the NTPS including undertaking the audit, ongoing monitoring and remedying any pay inequities.
5. The NT Government prioritise the attraction and retention of skilled staff by ensuring secure jobs with competitive pay and good conditions.
6. Forward estimates should factor in decent pay rises for all employees that ensure real wages growth, and offer competitive salaries to attract and retain employees.
7. The NT Government prioritise adequate delivery of quality public services in the Territory by minimising the use of temporary employees.
8. Further efforts are made by the NT government to increase the employment of Aboriginal and Torres Strait Islander peoples in the NTPS to reflect the population.
9. Career progression is to be added to the goals of the NT Indigenous Employment Strategy including quarterly reporting of Aboriginal and Torres Strait Islander employment levels in the NTPS by classification.
10. The NT Government provide sufficient funding in this Budget to increase the NTPS

employer superannuation contribution to 15.4 per cent for all NTPS employees who are currently receiving 9 per cent.

11. The NT Government consider an interim matching arrangement where employee contributions are matched by the Government 1 per cent for 1 per cent above the base 9 per cent, capped at a total of 12.2% per cent employer contribution.

12. Superannuation contributions should be made for NTPS employees for the entire period of unpaid parental leave

## **Northern Territory economic conditions**

The CPSU understands that the NT Government has a medium-term strategy to return the Budget to surplus and the 2011-12 Budget forecasts cash outcome and fiscal balance deficits over the budget cycle but improving over the forward estimates period to 2014-15<sup>1</sup>.

However, economic conditions are improving in the NT and future investment will help to improve the Territory's future fiscal situation. The Territory economy grew by 2.2 per cent in 2010-11 and is forecast to grow by 3.2 per cent in 2011-12.<sup>2</sup> There is also future private investment such as the proposed INPEX liquefied natural gas (LNG) plant at Blaydin Point which will have a significant beneficial effect on the Northern Territory economy and was not included in the forecast growth figures.

The improving economic situation gives the Territory Government flexibility to address key NTPS issues that will impact upon its capacity to continue to deliver quality public services and meet challenges into the future.

## **A fully resourced public service to meet the needs of a growing population**

The NT population is projected to grow from 210 627 in 2006 to 246 000 by 2016 (an increase of 17%) and to over 316 000 by 2036. A higher net interstate migration assumption would see the Territory grow by an additional 48 000 people to 364 000 in 2030.<sup>3</sup>

Delivering quality public services to meet the NT's growing population will be a future challenge for the NTPS. To meet these challenges, the government must focus on the skill development of existing employees as well as attraction and retention. This will require fully funding the public sector for the work it does and budgeting for training and to fully fund wage increases that are sufficient to attract and retain skilled and professional employees.

---

<sup>1</sup> Northern Territory Government, Budget Papers – Fiscal and Economic Outlook, May 2011, p 6

<sup>2</sup> Northern Territory Government, Budget Papers – Fiscal and Economic Outlook, May 2011, p 8

<sup>3</sup> Northern Territory Treasury, Northern Territory Population Projections, 2009

[http://www.nt.gov.au/ntt/economics/publications/population/ntpop\\_report.pdf](http://www.nt.gov.au/ntt/economics/publications/population/ntpop_report.pdf). p15

## *Efficiency dividend*

The CPSU opposes the continuation of the efficiency dividend on the NTPS. In the 2011-12 Budget, the NT Government increased the efficiency dividend from 2 per cent to 3 per cent for most agencies. For key service delivery agencies with high fixed staff costs, one quarter of the dividend is applied. These agencies include the Department of Health, the Department of Education and Training, Northern Territory Police, Fire and Emergency Services and the Correctional Services component of the Department of Justice<sup>4</sup>. The 2011-12 Budget assumed a 1 per cent efficiency dividend would be applied in 2012-13 and over the forward estimates period.

In addition, a new budget strategy was implemented in the 2010-11 and 2011-12 Budgets, requiring agencies to identify and redirect 2 per cent of output appropriation towards funding new initiatives and offsetting demand growth and emerging cost pressures.<sup>5</sup> These additional savings, over and above the efficiency dividend, make it even more difficult for the NTPS to deliver quality programs and services.

While the CPSU recognises that the NT Government has experienced a shortfall in revenue and is seeking to find more efficient ways of delivering services, the CPSU does not support an efficiency dividend. However, the CPSU does support consulting with employees and their union to identify efficiencies that are tailored to individual departments and provide real solutions as opposed to blanket cuts to funding that damage the long-term capacity of agencies and adversely affect the quality of services provided, especially the capacity of smaller agencies. The experience of the efficiency dividend in the APS has shown that it is not the most effective measure to improve efficiency. It is clear from the APS experience that over the longer term, these cuts will damage the quality of services provided to the NT community and will outweigh any short-term fiscal benefit of imposing an efficiency dividend.

The CPSU notes that the Chief Minister has agreed to look at alternatives to the efficiency dividend. The CPSU welcomes this proposal, and seeks that the CPSU and CPSU members work with the NT Government to develop an alternative. Any replacement to the efficiency dividend must include an evidence-based mechanism to drive productivity improvements, rather than the efficiency dividend which operates as a blunt, arbitrary instrument. Any resulting savings and efficiencies should be redistributed between the community, employees and the government.

The NT Government, in co-operation with community organisations and the CPSU should establish a priority list of agencies which require urgent reviews of their funding arrangements. The Government should also review the amounts spent on outsourcing and contract labour to investigate whether savings could be made by having this work performed by permanent public sector employees. Much of this work could be more efficiently and effectively performed by the public sector.

### **Recommendations**

- The efficiency dividend cease and the NT Government work with the CPSU and CPSU members to develop an alternative to the efficiency dividend.
- The NT Government work with public service employees and the community to ensure best practice in service delivery

<sup>4</sup> Northern Territory Government, Budget Paper No 3 – The Budget, May 2011, <http://www.budget.nt.gov.au/papers/bp3/overview.pdf>, p4

<sup>5</sup> *ibid*, p4

## Staffing cap

The NT Government introduced a two-year public sector staffing cap on 'non-frontline' services in 2010. Since the cap was introduced, members have raised concerns that the cap is having an impact on the workload of NTPS employees. Comments received by the CPSU from NT Government employees include:

*I am losing staff to frustrations associated with not enough time to do the job due to huge workloads.*

*The staffing cap is particularly negative in its effect on LSL and maternity leave – prejudicing at unit level any ability to backfill critical positions. We have ended programs because an officer on paid mat leave could not be backfilled due to the cap.*

*If Government wish to continue this arrangement then it needs to be clear that compromise is required in what agencies will deliver. Currently in my work area where there would be approximately 40 staff, many would be working beyond 5pm most days... I think working beyond this time should be the exception rather than the expectation.*

*As expectations in what government delivers grows, then there also needs to be a link to having the quality and quantity of staff required to achieve results.*

*We have had positions not backfilled for over 18 months*

A staffing cap is another blunt instrument that is stretching the NTPS. The effect of a staffing cap is to force an increase in the quantity of work, at the cost of quality, affecting the capacity of the NTPS to deliver for the NT community. A recent CPSU survey of NTPS staff found that work/life balance and excessive workloads were the most important issues facing NTPS employees. This is no surprise given that the NT population continues to increase while the public service has decreased in size. This is clearly putting a strain on NTPS staff and perversely, leading to an increase in the use of temporary contracts (a hugely inefficient way to address staffing constraints).

In addition, the NT government has announced a series of new initiatives since the staffing cap began. In 2010 there was the implementation of the new NT Domestic and Family Violence Act with mandatory reporting requirements; in July 2011 the NT alcohol reforms are to commence. These initiatives have the flow on effect of increasing the work load of multiple NT Government agencies including police, health, families and corrections.

The CPSU opposes the staffing cap and notes that the 2 year period of the cap is due to expire in mid 2012. The CPSU would like a commitment from the NT government that the cap will be lifted..

<b>Recommendation</b>
<ul style="list-style-type: none"><li><i>The NT Government end the full-time equivalent cap on staff recruitment immediately</i></li></ul>

## Funding for Pay Equity and Decent pay rises in forward estimates

The CPSU welcomes the commitment by the Office of the Commissioner for Public Employment (OCPE) to seek a Cabinet endorsement to conduct a pay equity audit of the whole of the NTPS.

According to the latest State of the Service Report, despite improvements, there continues to be a significant difference in the profiles of male and female earnings in 2010. Figure 49 from the State of the Service Report illustrates the significant difference in the profiles of male and female employment in the NTPS.<sup>6</sup>

Figure 49: Distribution of Men and Women in the NTPS by Salary Level - June 2010



Figure 49 illustrates that a large number of women remain at the lower salary levels. The large predominance of women in the \$40 000 to \$50 000 brackets consist of 79 per cent administrative staff.

In addition to gender pay equity there should be an audit in regard to pay equity across classifications. Uneven development of different positions has resulted in different pay rates for the same level of work. Some positions have received increases in their classification according to the level of work performed while other positions continue to be underpaid because the development of the position over time has not been acknowledged. There should be a review of classifications across the board to ensure equality of pay.

The pay equity audit mechanism needs to be fully funded to ensure pay equity at a NTPS agency level. Funding needs to be set aside on an ongoing basis to continue to look into this issue and to ensure that agencies are adequately funded to close any pay gaps identified.

### Recommendations

- The NT Government fully fund a pay equity audit of the NTPS including undertaking the audit, ongoing monitoring and remedying any pay inequities.

<sup>6</sup> Office of the Commissioner for Public Employment, State of the Service Report 2009-10, 30 September 2010, [http://www.ocpe.nt.gov.au/data/assets/pdf\\_file/0009/49995/OCPE\\_SOS.pdf](http://www.ocpe.nt.gov.au/data/assets/pdf_file/0009/49995/OCPE_SOS.pdf), p49.

## Attraction and retention of staff

In recent years, the Territory has faced difficulty in attracting and retaining skilled labour, with recruitment issues even greater in non-metropolitan areas. Skill shortages in the Territory are expected to be increased by the future INPEX development<sup>7</sup>. The ability of NT employers to attract and retain suitable skilled workers will continue to be a critical factor in determining employment growth in the Territory, as is the effectiveness of Territory Government training initiatives aimed at alleviating skills shortages.

An example for the NTPS is in the area of child protection. The Growing Them Stronger, Together Report raised issues of staff shortages and flawed departmental structure. In response to this, significant changes in child protection, including additional staffing were proposed. However, the CPSU understands that the required restructures have been delayed because of recruitment and retention difficulties.

Low employee retention rates in the NTPS combined with a tight labour market, high cost of living and reliance on a migratory workforce means that the Government must prioritise the attraction and retention of skilled staff by ensuring secure jobs with competitive pay and good conditions.

### *Migratory workforce*

Skill shortages in the Territory mean that employers often need to source skilled labour from interstate and overseas. This can impose significant costs on employers through relocation expenses and the need to compensate prospective employees to induce them to relocate.

The Territory attracts a large number of young and mobile workers from other jurisdictions. Often these workers only remain in the Territory for a short period, while some operate on a fly-in-fly-out basis. The Territory's relatively mobile workforce imposes significant recruitment and training costs on employers in the Territory<sup>8</sup>. It is a significant cost burden and can lead to the loss of corporate knowledge.

In addition, the flow of these workers depends on the strength of employment opportunities in other jurisdictions relative to the Territory and the relative cost of living; both factors that are currently working against the migration of workers to the Territory.

### *Labour market*

The NT's high population turnover means that Territory employers must compete for workers in national labour markets to a higher degree than other parts of Australia. In recent years economic activity in the Territory has not been as strong as the national average. As a result, mobile workers were increasingly attracted to employment opportunities in other states, dampening the supply of labour in the Territory<sup>9</sup>.

---

<sup>7</sup> Northern Territory Government, Budget Papers - Northern Territory Economy, May 2010, <http://www.budget.nt.gov.au/papers/econ/5.labour.pdf>, p50

<sup>8</sup> Ibid, p 49

<sup>9</sup> Ibid, p 49-50

This is reflected by the fact that the Territory has the second lowest unemployment rate of the jurisdictions. In August 2011, the unemployment rate in NT was 4.2 percent compared to a national rate of 5.1 per cent. The labour force participation rate in the NT at 71.6 per cent was also higher than the national rate of 65.5 per cent nationally in August 2011<sup>10</sup>. This means that that it is especially important that the NTPS is able to offer competitive pay and conditions in the tight Territory labour market.

### *Cost of living*

The 2011-12 NT Budget identified the relative cost of living in the Territory and the Commonwealth's immigration policy as key influences on the Territory's long-term labour supply.<sup>11</sup> Given that the Commonwealth Government has reduced the number of working visas issued, relative cost of living considerations are especially important for the Territory's labour supply.

The Northern Territory has a high cost of living which can make it difficult to attract staff. Housing is a major contribution to a high cost of living. Darwin had the most expensive rent for houses of all capital cities in March 2011.<sup>12</sup> The Territory 2030 plan identified affordable housing as needing to be addressed, noting that:

*The availability of appropriate and affordable housing is a key issue affecting the social and economic wellbeing of the Northern Territory. Our remote communities suffer from chronic and unacceptable overcrowding. Our major towns and cities have an acute shortage of houses for sale or rent. The shortage is increasing prices and reducing affordability.*<sup>13</sup>

The cost of living pressures in the NT may make it difficult to attract quality staff. This means that competitive pay and good conditions are essential to retain and attract staff with the problem of a tight labour market and a high cost of living in the NT.

<b>Recommendation</b>
<ul style="list-style-type: none"><li>• The NT Government prioritise the attraction and retention of skilled staff by ensuring secure jobs with competitive pay and good conditions.</li><li>• Forward estimates should factor in decent pay rises for all employees that ensure real wages growth, and offer competitive salaries to attract and retain employees.</li></ul>



<sup>10</sup> Australian Bureau of Statistics, Labour Force, Australia, August 2011, 16 September 2011 <http://www.abs.gov.au/AUSSTATS/abs@.nsf/mf/6202.0?opendocument#from-banner=LN>

<sup>11</sup> Northern Territory Government, Budget Papers - Northern Territory Economy, May 2010, <http://www.budget.nt.gov.au/papers/econ/5.labour.pdf>, p54

<sup>12</sup> RP Data, *Quarterly Rental Review*, March 2011, [http://www.rpdata.net.au/news/pdfs/quarterly\\_rental\\_review\\_mar\\_11.pdf](http://www.rpdata.net.au/news/pdfs/quarterly_rental_review_mar_11.pdf)

<sup>13</sup> Northern Territory Government, Territory 2030 Strategic Plan 2009, [http://www.territory2030.nt.gov.au/doc/T2030\\_Strategic\\_Plan.pdf](http://www.territory2030.nt.gov.au/doc/T2030_Strategic_Plan.pdf), P8

## Secure Jobs

With difficulty attracting quality employees from other states, retention of staff is particularly important for the Territory. The retention of staff in the NTPS is a particular issue with a separation rate of 24 per cent across the NTPS for permanent and temporary staff according to the latest State of the Service report.<sup>14</sup>

The high use of temporary staff by the NTPS does not assist in attracting or retaining staff. Staff engaged on a casual or temporary basis have little social and economic security, and little control over their working lives. This type of work does not foster a committed and motivated workforce.

In June 2010, the 29.4 per cent of NTPS employees were engaged on a temporary or casual basis. NTPS had the highest levels of temporary employment of all public sectors/services for which records were available.<sup>15</sup>

Correspondingly, there has been a fall in the proportion of permanent staff over the past 10 years of 6.2 percentage points from 76.9 per cent to 70.7 per cent. Since 1994 the percentage of permanent employees has fallen 10.8 percentage points from 81.5 per cent.<sup>16</sup> This shows a clear and worrying trend towards a decline in permanent work. The CPSU received the following comments from members:

*I have now been on my 4<sup>th</sup> contact and I'm sick of finding out a day or 2 before if I have a job or not!*

*[Rolling temporary contracts] create instability in some staff, especially those that are not permanent employees. This is not good for retaining good staff as they generally look elsewhere.*

Halting the decline in permanent staffing levels is necessary step to stop the decline in NTPS retention rates and provide security and stability for NTPS employees. At March 2011, the average length of service for temporary staff was less than 11 months<sup>17</sup>.

The CPSU welcomes the current review of the use of temporary contracts in NT government being conducted by the OCPE. Recent figures show a marginal (1%) reduction in the use of temporary contracts from August 2010 to March 2011. This is a step in right direction but the NT remains the jurisdiction with the highest use of temporary contracts in the public service and there is still a lot more work to be done to reverse the trend towards temporary employment and to stabilise the workforce.

### Recommendation

- The NT Government prioritise adequate delivery of quality public services in the Territory by minimising the use of temporary and casual employees.

<sup>14</sup> Office of the Commissioner for Public Employment, State of the Service Report 2009-10, 30 September 2010, [http://www.ocpe.nt.gov.au/\\_data/assets/pdf\\_file/0009/49995/OCPE\\_SOS.pdf](http://www.ocpe.nt.gov.au/_data/assets/pdf_file/0009/49995/OCPE_SOS.pdf), p89

<sup>15</sup> Office of the Commissioner for Public Employment, State of the Service Report 2009-10, September 2010, [http://www.ocpe.nt.gov.au/\\_data/assets/pdf\\_file/0009/49995/OCPE\\_SOS.pdf](http://www.ocpe.nt.gov.au/_data/assets/pdf_file/0009/49995/OCPE_SOS.pdf), p71 – temporary employment rates for other States and Territory public Services were: ACT 23%, APS 8.3%, NSW 28.6%, QLD 19.2%, TAS 22.2%, no figures were available for Vic, WA or SA.

<sup>16</sup> Office of the Commissioner for Public Employment, State of the Service Report 2009-10, 30 September 2010, [http://www.ocpe.nt.gov.au/\\_data/assets/pdf\\_file/0009/49995/OCPE\\_SOS.pdf](http://www.ocpe.nt.gov.au/_data/assets/pdf_file/0009/49995/OCPE_SOS.pdf), p70

<sup>17</sup> Office of the commissioner of Public Employment, data provided to the Public Service Consultative Committee, May 2011

## Aboriginal and Torres Strait Islander Employment

In 2009, the Commonwealth and Territory governments signed the National Partnership Agreement on Indigenous Economic Participation (Partnership Agreement). This agreement incorporates the existing Territory Government commitment to a target of at least 10 per cent Aboriginal and Torres Strait Islander employment in the Northern Territory Public Service (NTPS) by 2012. As at June 2010, 8.8 per cent of the NTPS employees identified as Aboriginal or Torres Strait Islander .

The programs which contribute to achieving this target are contained within the NTPS Indigenous Career and Development Strategy 2010-12, which recognises that government is the Territory's largest employer, and includes action in the areas of workplace environment, attraction, retention and communication.

Since the NTPS Indigenous Employment Strategy began in 2003 the Aboriginal and Torres Strait Islander employment rate has increased by over five percentage points. This is a good start but there is still a long way to go. The Partnership Agreement commits to Aboriginal and Torres Strait Islander career development strategies to increase employment to reflect population share by 2015<sup>18</sup>. The most recent ABS data, from 2006, showed that the Aboriginal and Torres Strait Islander population of the NT constituted 26.1 per cent of the Territory's working age population.<sup>19</sup>

The unemployment rate is much higher for Aboriginal and Torres Strait Islander persons in NT than non-Aboriginal and Torres Strait Islander persons. According to ABS data for 2010, the unemployment rate was over three times as high for Aboriginal and Torres Strait Islander persons than non-Aboriginal and Torres Strait Islander persons and the participation rate for Aboriginal and Torres Strait Islander persons was almost half that of non-Aboriginal and Torres Strait Islander persons<sup>20</sup>. As the biggest employer in the NT, the NTPS needs to make more efforts need to reach the goal proportional Aboriginal and Torres Strait Islander employment by 2015.

In addition, attention should be given to the quality of jobs that are being filled by Aboriginal and Torres Strait Islander persons and the career progression and availability of more senior positions in remote areas. Career progression should be added to the goals of the Indigenous Employment Strategy that replaces the current strategy. As a first step, quarterly reporting should include reporting on the levels of Aboriginal and Torres Strait Islander employment by classification level and this data should be made publicly available.

### Recommendations

- Further efforts are made by the NT government to increase the employment of Aboriginal and Torres Strait Islander peoples in the NTPS to reflect the population.
- Career progression is to be added to the goals of the NT Indigenous Employment Strategy including quarterly reporting of Aboriginal and Torres Strait Islander employment levels in the NTPS by classification.

<sup>18</sup> Council of Australian Governments, *National Partnership Agreement on Indigenous Economic Participation*, 4 May 2009

[http://www.coag.gov.au/intergov\\_agreements/federal\\_financial\\_relations/docs/national\\_partnership/national\\_partnership\\_on\\_indigenous\\_economic\\_participation.rtf](http://www.coag.gov.au/intergov_agreements/federal_financial_relations/docs/national_partnership/national_partnership_on_indigenous_economic_participation.rtf)

<sup>19</sup> Northern Territory Government, *Budget Papers - Northern Territory Economy*, May 2010, <http://www.budget.nt.gov.au/papers/econ/5.Labour.pdf>, p50

<sup>20</sup> Australian Bureau of Statistics, *6287.0 - Labour Force Characteristics of Aboriginal and Torres Strait Islander Australians, Estimates from the Labour Force Survey 2010*, 29 June 2011

## Superannuation

The NT Government's superannuation contribution is inadequate compared to the superannuation contributions for APS employees. This contributes to the labour market disadvantage for the NT government and to insufficient retirement funds for NTPS employees.

Currently the default superfund for employees who have joined the NTPS since 1999 is AGEST, to which the NT Government's employer contribution is 9 per cent. This is in contrast to the APS where employees join the Public Sector Superannuation Scheme Accumulation Plan (PSS(ap)). The employer contribution to the PSS(ap) is 15.4 per cent.

New employees joining the NTPS are being short changed on super. This is another example of the NT Government's unfavourable position that is creating difficulties attracting and retaining staff. As the APS is the major labour market competitor to the NTPS, a nine per cent employer contribution is not sufficient for the NTPS to attract and retain staff.

Nor is a nine per cent superannuation contribution high enough to ensure adequate retirement incomes for NTPS employees. Research by the Association of Superannuation Funds of Australia has found that, for a comfortable lifestyle in retirement, a person with an income of \$100,000 per year would have to make contributions of 12 per cent over 30 years and a single person on an income of \$50,000 per year would need to make contributions of 20 per cent over 30 years.<sup>21</sup>

The Federal government has recognised that superannuation contributions of 9 per cent are insufficient and has introduced legislation to increase the super guarantee to 12 per cent. However, at this stage there is still uncertainty as to whether the legislation will have the support to pass both houses of parliament. Even if the legislation is approved it will be phased in and the 12 per cent contributions will not take effect until 2020.

The CPSU understands the financial pressure facing the Government and we take this opportunity to suggest a proposal for an interim measure for an agreed period to increase the amount of superannuation contribution for those NTPS employees. Our proposal is that the NT Government considers introducing an matching arrangement where the NT Government would match employee contributions 1 per cent for 1 per cent above the base 9 per cent, capped at a total 12.2 per cent employer contribution. This would bring the sum of employer and employee contributions to 15.4 per cent.

### *Superannuation payments during unpaid parental leave*

Research by the Association of Superannuation Funds of Australia (ASFA) shows that there is a large inequity between men and women when it comes to superannuation balances and superannuation final amounts. The average superannuation balance for women in 2006 was \$35,520 compared to an average of \$69,050<sup>22</sup> for men. The figures reflect a similar pattern for superannuation balances at retirement with men receiving an average of \$136,000 and women receiving only \$63,000<sup>23</sup>.

---

<sup>21</sup> Ross Clare, Director of Research. *The Age Pension, superannuation and Australian retirement incomes*. ASFA Research and Resource Centre. December 2008. pg 23

<sup>22</sup> Ross Clare, Director of Research. *The Age Pension, superannuation and Australian retirement incomes*. ASFA Research and Resource Centre. December 2008. pg 21

<sup>23</sup> Ibid pg 22

The reasons why men receive higher superannuation payouts are complex. Many women have significant periods of time away from the workforce, work part-time and are often employed in lower classified/paying jobs. However, one of the reasons many women have low superannuation balances is that employers are not required to make superannuation contributions for periods of unpaid parental leave. Many women take parental leave at a relatively young age and the compounding effect of superannuation means that loss of superannuation contributions at this time will make a large difference to the final balance received on retirement.

The NT Government has currently makes superannuation contributions for the first six months of parental leave for NTPS employees. This is an important first step to address gender inequality in superannuation.

To be a model employer for women, the NT Government should extend this entitlement and make superannuation contributions for NTPS employees for the entire period of unpaid parental leave.

Other measures that address this gender inequity should also be investigated, including for example a scheme in which the NTPS matches the top up superannuation contributions of women who return from unpaid parental leave.

<b>Recommendations</b>
<ul style="list-style-type: none"><li>• The NT Government Budget to increase the NTPS employer superannuation contribution to 15.4 per cent for all NTPS employees who are currently receiving 9 per cent</li><li>• The NT Government considers an interim matching arrangement where the NT Government would match employee contributions 1 per cent for 1 per cent above the base 9 per cent, capped at a total of 12 per cent employer contribution</li><li>• Superannuation contributions should be made for NTPS employees for the entire period of unpaid parental leave</li></ul>