Superannuated
Commonwealth
Officers'
Association Inc.

Federal Office
PO Box 107
MAWSON ACT 2607
Phone: (02) 6286 7977
Fax: (02) 6286 7999
E-mail: fedoffice@scoa.asn.au
ABN: 66 313 469 900

Ms Christine McDonald
The Secretary
Standing Committee on Finance and Public Administration
The Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600
Email: fpa.sen@aph.gov.au

Dear Ms McDonald,

INQUIRY INTO SUPERANNUATION CLAIMS OF FORMER AND CURRENT COMMONWEALTH PUBLIC SERVICE EMPLOYEES

Thank you for your letter of 20 March 2011 inviting SCOA to provide a submission on the above inquiry.

SCOA is a not-for-profit member organisation representing close to 500,000 people across Australia with branches in every state and the ACT.

For more than 85 years, SCOA has represented the interests of:

- Retired Australian and Territory Government employees and Government business enterprise employees;
- People in the public service who will receive a Commonwealth superannuation benefit or lump sum on retirement;
- Former employees who have deferred (preserved) their pension entitlement; and
- The dependants of all of the above.

SCOA supports the rights of former public servants, whether in temporary or in permanent employment, to receive their proper superannuation entitlements. SCOA is pleased to submit our views according to the terms of reference. SCOA would also be available to provide evidence at a public hearing of the Committee.

Yours sincerely,

Dr.Annette Barbetti
SCOA President
5 April 2011

Dr. Vivienne Teoh
SCOA Federal Secretary
5 April 2011

When occupational superannuation was provided to Commonwealth employees in 1922, only permanent Commonwealth employees were initially able to become members of the Commonwealth superannuation scheme (CSS). We believe that the Government considered it inappropriate for temporary employees to contribute to the CSS due to the transient nature of their employment.

However, over the years the CSS was gradually opened to temporary employees as long as they met certain qualifying conditions.

In 1942 temporary employees were able to elect join the CSS after 5 years continuous Commonwealth employment if their employing Department certified that they would most likely be employed until retirement. In 1945 the likelihood of future employment was reduced to 10 years. Many employers were not willing to make such a certification. As a consequence very few temporary employees became members of the CSS.

However, over the years the stringent requirements for eligibility to allow temporary employees to become members of the CSS were gradually reduced. Before the closure of the CSS to new members in 1990, temporary employees only had to be an employee for one year with a certification from their employer that they would be employed for a further 3 years.

Temporary employees were disadvantaged because they were not advised of their rights in relation to joining the CSS, especially after they had completed the qualifying period to become a member. Also, employers remained reluctant to certify continuing employment for a further 3 years. There was an avenue of appeal if the employer would not certify continuing employment for a further 3 years. However, our understanding is that these employees were never told of their appeal rights unless they made representations as to why they were refused membership of the CSS.

There were many Commonwealth employees that had a right to join the CSS and would have joined the CSS if they had known they had a right to do so. Once these employees became aware that they could join the CSS they applied and were accepted as members of the CSS. Other temporary employees became permanent officers and automatically became members from the date of their permanent appointment.

As these employees had served a considerable period of Commonwealth employment before becoming members of the CSS they lost many years of contributory CSS membership. This meant that their retirement benefits from the CSS or PSS (if they transferred from the CSS to the PSS) were much less than if they had become members from the time that they were eligible to join the CSS.

SCOA believes that these employees have been treated most unfairly. They had an entitlement to be members of the CSS but were not advised of their rights to join the CSS. In some situations employers refused to certify continuing employment even though they had been employed for a considerable period and were likely to continue employment for the required period. In fact many employees had actually completed the required period of likely employment.

The Commonwealth seems to be putting a number of obstacles in the way of accepting that these employees could have been a member of the CSS from a much earlier date. The result being that these employees have had a considerable reduction to their CSS or PSS

retirement benefit by not becoming a member of the CSS when eligible to do so. These employees had a right to be members of the CSS from a certain date and, instead of arguing whether they should receive compensation, it is SCOA's view that these members should be granted, retrospectively, a period of contributory service in the CSS from the date that they would have been eligible to become a member of the CSS if the member had elected to become a member and had served the period of service that the employer was required to certify.

Recommendation

It is recommended that the Senate Committee request the Government to amend the Superannuation Act 1976 and the Superannuation Act 1922 (if required) to allow CSS or PSS members who are current contributors, preserved benefit members or receiving a CSS or PSS pension and were formerly eligible temporary employees, to be granted a period of contributory service from the date they would have been eligible to become members of the CSS.