

Attachment J - Temporary Employees - factors in their election to contribute to Commonwealth superannuation

Prior to 1992, it was optional for temporary employees to join a Commonwealth Superannuation fund. In 1992, the Commonwealth introduced a new system known as the superannuation guarantee. Under this system all employers were required to make tax deductible superannuation contributions on behalf of their employees.

Although specific to the individual, a common factor influencing the decision not to join was the cost of the contributions members were required to make to Commonwealth superannuation. Despite the availability of information about joining Commonwealth superannuation, the significance of superannuation as a long term financial support arrangement was not widely appreciated.

Anecdotal accounts are that some temporary employees did not take up the option to join Commonwealth superannuation as, in some employees' minds, it equated to 'taking a pay cut', as employees were required to contribute a minimum 5% of income to the CSS or 2% to the PSS.

During interviews conducted by the Commonwealth's legal representatives some former temporary employees indicated:

- they and many of their colleagues made the deliberate decision not to join Commonwealth superannuation because they could not afford the contributions (former employees of Department of Works and Department of Capital Territory);
- had they been aware of the eligibility criteria, they would not have applied to join the fund because of the cost and/or they did not trust 'the government' to return the money on retirement (former employee of Department of Capital Territory);
- they were reluctant to apply to join because of the requirement to successfully complete a medical examination. Rightly or wrongly it appears that some temporary employees were of the view that if they did not pass the medical examination their employer may terminate their employment.

Similar accounts have been relayed during interviews with former Commonwealth industrial/personnel employees, who noted that many temporary employees were not interested in learning about the process of applying to join Commonwealth superannuation once they were informed that contributions were deducted from their pay packet (former employee of ACT Ambulance Service, former employee of Department of Capital Territory).

Accounts elicited during these interviews were that some temporary employees chose to remain temporary employees rather than accept the offer of a permanent position because of the "compulsion" of having to contribute a portion of their salary to a superannuation fund (former employee of Department of Territories).