16 April 2015

Senator Cory Bernardi
Chair, Senate Finance and Public Administration Legislation Committee
Parliament House
Canberra ACT 2600

Attention: Ms Lyn Beverley, Secretary

Dear Senator Bernardi

Governance of Australian Government Superannuation Schemes Legislation Amendment Bill 2015

I am writing in response to the letter from Ms Lyn Beverley, Secretary to the Standing Committee on Finance and Public Administration Legislation Committee, dated 27 March 2015, inviting Commonwealth Superannuation Corporation (CSC) to make a submission in relation to the Committee’s inquiry into the Governance of Australian Government Superannuation Schemes Legislation Amendment Bill 2015.

CSC is trustee of 4 regulated superannuation schemes, and manages 5 exempt public sector superannuation schemes, for Australian Government employees and members of the Australian Defence Force. As of 31 December 2014, CSC had 497,228 members, 160,801 pensioners and 194 employer agencies across all schemes, and more than $34.29 billion under management on behalf of its members. As a regulated superannuation licensee, CSC operates within the broader financial services market place. CSC’s employees are non-APS employees and are engaged on the basis of individual contracts and are not part of the Australian Public Service. ComSuper is the Australian government entity which is mandated to provide scheme administration services to CSC. It does this under delegation from CSC. ComSuper staff are APS employees under the Public Service Act.

As part of the 2014-15 Budget, the Government announced the merger of ComSuper into CSC as part of its ‘Smaller Government’ initiatives. The merger is designed to improve the efficiency of the management of the Australian Government superannuation schemes by removing duplication and overlap. It will also resolve a governance issue – following the merger, CSC will have control over the delivery of scheme administration services for the superannuation schemes, consistent with its regulatory responsibility. All employees of the merged entity will be non-APS employees. The Governance of Australian Government Superannuation Schemes Legislation Amendment Bill 2015 (‘the bill’) will effect the proposed merger.

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The purpose of the Committee's inquiry is to consider the impact of the bill on the employment conditions and future employment conditions within the Australian Public Service (APS) of ComSuper employees who will be impacted by the provisions of the bill.

The mechanism for transferring ComSuper employees to CSC will be a declaration by the Australian Public Service Commissioner under s72 of the Public Service Act. Accordingly, ComSuper staff who transfer to CSC will have remuneration and conditions of employment that are no less favourable than those that applied immediately prior to the merger. All accrued benefits of the transferring employees will be transferred and ComSuper staff will have continuity of service. The ComSuper Enterprise Agreement will transfer to CSC and transferring ComSuper employees will continue to be subject to the EA until such time as a new EA is negotiated by CSC.

Unlike ComSuper, CSC is not covered by the Maternity Leave (Commonwealth Employees) Act 1973. However, transferring ComSuper staff are legally required to have terms and conditions following the merger that are no less favourable than those that applied immediately prior to the merger. The CSC Board will make a determination under s26 of the Governance of Australian Government Superannuation Schemes Act 2011 to implement this.

The merged organisation will provide greater opportunity for many staff to work and develop their careers in a large diversified superannuation organization engaged in the wider superannuation industry. CSC understands that some current ComSuper employees may wish to remain part of the APS or re-enter the APS at some time in the future. CSC respects that view and would support flexibility for those people. This is a matter of government policy, however, and not something that CSC is able to determine.

Yours sincerely

Peter Carrigy-Ryan
Chief Executive Officer