SENATE STANDING COMMITTEE ON EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS

QUESTIONS ON NOTICE SUPPLEMENTARY ESTIMATES 2009-10

Agency Comcare

DEEWR Question No. EW550_10

Senator Siewert provided in writing.

Question

On what basis does Comcare understand that it is "usual" for superannuation funds to require a 5% employee contribution in these circumstances?

Of the four Commonwealth public service schemes – PSS, CSS, PSSAP, and Australian Government Employees Superannuation Trust – how many require a 5% employee contribution in these circumstances?

Answer

Further to information previously provided, Comcare has provided the following additional response:

Comcare understands that a majority of Comcare claimants that are paid weekly benefits under sections 20/21/21A of the *Safety, Rehabilitation and Compensation Act 1988* are required by their superannuation fund to make a 5% employee contribution when the employee was on long term workers' compensation benefits prior to retirement.

Of Comcare's 1,216 claimants being paid weekly benefits under sections 20/21/21A as at 6 September 2009:

- 649 or 53% were members of the CSS which required a 5% contribution¹;
- 537 or 44% were members of the PSS which required at least a 2% contribution²;
- two (2) or 0.01% were members of PSSAP which did not require an employee contribution³; and
- 28 or 2% were members of the AGEST which also did not require an employee contribution⁴.

¹ Australian Reward Investment Alliance (ARIA) issued guidelines consistent with the requirements of the *Superannuation Act* 1976 and the Public Sector Sector Superannuation Scheme Trust Deeds for its schemes (CSS, PSS) effective from 1 July 2008 where an employee is absent on compensation leave for 12 or more weeks.

These guidelines stipulate that for employees under <u>CSS</u> who are on compensation for 12 or more weeks, the member must pay contributions of at least 5%, even if they were paying 0% before starting the compensation leave. This 5% rate is from the original date the compensation leave commenced. ² Members of the <u>PSS</u> on more than 12 weeks compensation are obliged to pay between 2% and 10% dependent upon the rate

² Members of the <u>PSS</u> on more than 12 weeks compensation are obliged to pay between 2% and 10% dependent upon the rate of contributions made over the four pay periods prior to the commencement of compensation leave, even if that contribution was 0%. The determined rate is from the date the leave commenced.

³ Members of the <u>PPSAP</u> were not obliged to make contributions prior to the introduction of the 1 July 2008 changes and are not required to commence contributions while on compensation leave.

⁴ Information provided from AGEST