



Training notes–PSS

Employer Productivity Superannuation Contributions



**Commonwealth
 Superannuation
 Corporation**

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Employer Productivity Superannuation Contributions (EPSC) – PSS

Aims and objectives

This Training note is designed to give personnel staff an understanding of the basis of payment of the employer productivity superannuation contributions for members of the Public Sector Superannuation Scheme (PSS).

This Training note will provide a detailed understanding of the following:

- how employer productivity superannuation contributions evolved
- how the contributions are calculated for full-time, part-time and casual members
- how the contributions are calculated for full-time and part-time members who are in receipt of a partial invalidity pension
- when and where the contributions are to be paid
- the Superannuation Guarantee Charge and its effect on members of PSS.

These notes are not a substitute for the *Superannuation Act 1990*, the Trust Deeds or the Rules for the administration of the scheme.

As provisions change you will be advised by way of circulars and our News. If you wish to continue to use these notes please ensure that you update them for any change.

Introduction

Employer Productivity Superannuation Contributions form an important part of members' superannuation benefits. Employers are obliged to pay the contributions on behalf of their employees, in addition to any other employer contribution (notional or otherwise) they are obliged to pay as participating employers in PSS.

The EPSC forms part of the overall PSS benefit.

Interim productivity

Interim Productivity is only applicable to members who transferred from the Commonwealth Superannuation Scheme (CSS).

Interim Productivity refers to contributions payable under arrangements put in place for the majority of Commonwealth Public Servants from 1 January 1988. It had its basis in a 1986 National Wage Case decision. The parties to the decision agreed that in lieu of a pay rise, the employer would set aside employer superannuation contributions for each employee.

The relevant legislation was the *Superannuation Benefits (Interim Arrangements) Act 1988*, which ceased to apply after 30 June 1990.

APS agencies accrued a notional amount of Interim Productivity to 30 June 1990 for each employee in CSS. For those who were members of CSS and subsequently transferred to PSS post-30 June 1990, an amount of Interim Productivity had to be calculated and reported to us.

The amount was taken into account in calculating members transfer multiple to PSS.

Employer Productivity Superannuation Contributions (EPSC)

In July 1990, the legislation covering public sector productivity was renamed the *Superannuation (Productivity Benefit) Act 1988*.

PSS members were excluded from coverage under this Act as their EPSC was provided for in the PSS Act.

Agencies are now obliged to forward the contributions to us each payday for all members of PSS.

The Productivity Contribution Rates table is attached. The rate is adjusted annually with effect from 1 July each year to reflect changes in the Average Weekly Ordinary Time Earnings (AWOTE).

Superannuation Guarantee Charge (SGC)

The *Superannuation Guarantee Act* was introduced with the aim of providing superannuation cover, and therefore retirement benefits, to all Australian workers not adequately covered by their employer-sponsored superannuation scheme. The legislation ensured minimum compulsory employer-sponsored superannuation for all employees.

Employers are required to pay the minimum amount of contributions as set out in the SGC Table attached to this document. As of 1 July 2013 SG increased to 9.25%. It increased again to 9.5% on 1 July 2014.

SG will remain at 9.5% until July 2019 when it will increase to 10%. From there it will continue to go up by 0.5 until July 2023, when it will reach 12%.

Compliance with the SGC Legislation

APS agencies comply with the legislation by providing employer superannuation contributions that are at least the rates specified in the *Superannuation Guarantee Act*.

Note: The Act sets a minimum amount of support that must be provided, not an additional amount.

The productivity contributions currently paid to PSS members are at a lesser rate than that stipulated by the SGC legislation, but when considered along with the total PSS employer contributions, the minimum cover is more than satisfied.

Example 1

Employee Contribution Rate	Employer Support	SGC for 2002/03
2%	13%	9%
5%	16%	9%
10%	21%	9%

However, the SGC legislation does impact on the amount members have access to on exit. From 1 July 1992 to 30 June 1999, members being retrenched were entitled to take their contributions and those of their employer in cash. However, where they had not reached minimum retiring age and had not retired from the workforce, they were obliged to preserve the equivalent of the SGC. This means that their productivity and part of the employer component had to be rolled over. Similar arrangements applied to members who were retiring prior to age 65 but intended to continue in the workforce.

With effect from 1/7/99 limitations applied on the amount of cash available for exits prior to preservation age. Generally, members were entitled to take their benefit up to the SIS regulations upper limit. This is the value of the members retrenchment benefit as at 30 June 1999. The balance had to be compulsorily preserved. From 1 July 2000 members are only entitled to take a refund of their contributions and interest up to the SIS regulations upper limit. This means that since 1 July 1999 any member who commenced after that date must compulsorily preserve their entire benefit.

Calculation of EPSC

Full-time member

Generally, the salary used to determine EPSC is the same salary that was used to determine superannuation contributions on the last birthday or date of commencement if a new employee, or date member changed from a casual member to a regular member.

The amount determined will be payable each public service payday until either the superannuation salary changes on the next birthday or the rates payable change on 1 July. The rate would also vary immediately if the member became a casual member.

Example 1

A full-time regular member's fortnightly rate of salary for superannuation is \$1,495.21. Provided the member does not become a casual member, the fortnightly rate of contribution is **\$44.86** (3%), on each payday until the next birthday, or until the rates in the Productivity Table change.

Note that the fortnightly salary is calculated by dividing the annual salary by 26.

Part-time member

The full-time superannuation salary is still used to calculate the productivity contribution from the Table, however the contribution is reduced in the ratio of part-time hours to full-time hours for the position held, as advised on the last birthday, on commencement if a new employee, or the date the member changed from a casual member to a regular member.

Example 1

Using the above example, if the member was working 57 hours per fortnight on the last birthday and full-time hours are 76, then the fortnightly contribution payable until the next birthday would be **\$33.65** ($\$1,495.21 \times 3\% \times 57 \div 76$), regardless of any subsequent salary movements or whether the member becomes a full-time employee. The contribution will vary if the rates in the Productivity Table change.

Salary changes

Where a member's superannuation salary changes retrospectively, e.g. for a backdated salary rise, it is necessary to check if the EPSC should also be adjusted, or if a current adjustment is required for the backdated increase to EPSC.

Casual member

For casual members or those who become casuals during the year, the notional salary is used to determine the productivity due from the Table. This amount is then multiplied by the amount earned for superannuation purposes in the fortnight and divided by 1/26th of the notional salary.

Example 1

A casual member's fortnightly notional salary on the last birthday is \$1,495.21, the superannuation salary on a payday is \$1,000, therefore, the fortnightly contribution required for that payday would be **\$30.00**, that is, the contribution payable from the table of $\$44.86 \times \$1,000 \div \$1,495.21$.

Partial Invalidity Pensioner

Full-time member

If a member was in receipt of a PIP on the last birthday, the fortnightly salary used in determining the productivity contribution is 1/26th of the updated former basic salary and updated allowances as calculated on the last birthday.

Part-time member

If a part-time member was in receipt of a PIP on the last birthday because of a reduction in hours, the hours in respect of which PIP is being received are counted as hours being worked when calculating the productivity benefit.

Similarly, if a member is part-time and is receiving compensation in respect of reduced hours, these hours are counted as hours worked.

Example 1

A member converts to permanent part-time employment because of an illness, and works 40 hours out of 73.5. He/she is receiving PIP or compensation for the 33.5 hours not being worked.

For the purpose of calculating productivity, he/she is considered to be working full-time.

Example 2

A part-time member reduces the hours being worked per fortnight from 50 to 40 due to an illness, and receives PIP or compensation for the gap. Productivity is payable on the basis of the person having worked 50 hours per fortnight.

Administrative arrangements

The productivity contributions must be forwarded to us in each fortnight on which member superannuation contributions are **due** to be paid, regardless of whether the member contributions have actually been paid.

Some instances where members are entitled to productivity contributions but agencies are not paying them are:

- maternity or parental leave without pay, where the member has elected to pay contributions
- study leave without pay, where the employer pays its contributions
- unauthorised absence
- sick leave without pay
- suspension without pay
- LWOP of less than twelve weeks.

If members are absent on leave without pay or reduced pay and have deferred the payment of their superannuation contributions until their return to work, agencies are still required to forward the productivity contributions to us each fortnight.

Note: Payroll systems should not cease the payment of productivity contributions when members' superannuation contributions are ceased due to the above periods of leave. If payment is ceased it will be necessary for the payment to be forwarded to us via cheque.

We pay member benefits on the EPSC that was due to be paid by the agency. If the agency does not pay the correct amount each fortnight the PSS Fund is short paid not only by the amount of the short payment but also the interest that should have accrued on the correct amount.

Therefore, **failure to pay the correct amount of EPSC will result in the imposition of penalty interest on agencies.**

Where a member has approval to pay contributions on leave without pay to work for another employer, it is the new employer who is required to pay productivity contributions.

Members of PSS who reach their maximum benefit limit are currently not able to contribute to the scheme. Employee contributions must cease on the payday following the MBL being reached. It should be noted that the productivity contributions also cease.

Transfer of Productivity/SGC into the scheme

Members joining PSS may transfer from another superannuation fund EPSC/SGC that has accrued from other employment that has ceased. This transfer should be paid into the scheme within six months of becoming a member.

Also, members who become entitled to a benefit from another productivity related scheme while a member may pay that into the fund within six months of the benefit becoming payable. Generally, this will relate to employment undertaken while on leave without pay, but may also relate to casual employment undertaken while a member which has now ceased.

For further information in regard to Transferring other entitlements into the scheme refer to our website under PSS/Publications.

EPSC benefits

The EPSC forms part of the PSS benefit rather than being in addition to it.

From 1 July 2000, on voluntary retirement, the EPSC, like the employer benefit, may only be taken if the member has reached preservation age and is retiring from the work force.

Preservation age

Date of Birth	Preservation Age
Before 1 July 1960	55 years
1 July 1960 to 30 June 1961	56 years
1 July 1961 to 30 June 1962	57 years
1 July 1962 to 30 June 1963	58 years
1 July 1963 to 30 June 1964	59 years
After 30 June 1964	60 years

Important points to remember

- The amount of employer productivity contributions paid is based on each contributing member's salary for contribution purposes, except when PIP is payable.
- EPSC must be paid fortnightly on every payday that the member is due to contribute. If this does not occur, we may impose a penalty interest.

For more information

Please refer to the Employer Administration Centre at eac.csc.gov.au

Productivity contribution rates

Applicable to full-time superannuation salaries.

(The following full-time EPSC rates are reduced for part-time and casual members – refer pages 4 and 5)

1990–91			
\$0.00	to	\$880.03	\$26.40 per fortnight
\$880.04	to	\$1,417.99	3% of fortnightly salary
\$1,418.00	to	\$2,126.99	\$42.54 per fortnight
\$2,127.00	&	above	2% of fortnightly salary

1991–92			
\$0.00	to	\$903.99	\$27.12 per fortnight
\$904.00	to	\$1,441.99	3% of fortnightly salary
\$1,442.00	to	\$2,162.99	\$43.26 per fortnight
\$2,163.00	&	above	2% of fortnightly salary

1992–93			
\$0.00	to	\$901.99	\$27.06 per fortnight
\$902.00	to	\$1,453.32	3% of fortnightly salary
\$1,453.33	to	\$2,179.99	\$43.60 per fortnight
\$2,180.00	&	above	2% of fortnightly salary

1993–94			
\$0.00	to	\$933.32	\$28.00 per fortnight
\$933.33	to	\$1,503.32	3% of fortnightly salary
\$1,503.33	To	\$2,254.99	\$45.10 per fortnight
\$2,255.00	&	above	2% of fortnightly salary

1994–95			
\$0.00	to	\$947.32	\$28.42 per fortnight
\$947.33	to	\$1,525.99	3% of fortnightly salary
\$1,526.00	to	\$2,288.99	\$45.78 per fortnight
\$2,289.00	&	above	2% of fortnightly salary

1995–96			
\$0.00	to	\$985.32	\$29.56 per fortnight
\$985.33	to	\$1,587.32	3% of fortnightly salary
\$1,587.33	to	\$2,380.99	\$47.62 per fortnight
\$2,381.00	&	above	2% of fortnightly salary

1996–97			
\$0.00	to	\$1,014.66	\$30.44 per fortnight
\$1,014.67	to	\$1,634.66	3% of fortnightly salary
\$1,634.67	to	\$2,451.99	\$49.04 per fortnight
\$2,452.00	to	...	2% of fortnightly salary

1997–98			
\$0.00	to	\$1,034.66	\$31.04 per fortnight
\$1,034.67	to	\$1,667.32	3% of fortnightly salary
\$1,667.33	to	\$2,500.99	\$50.02 per fortnight
\$2,501.00	to	...	2% of fortnightly salary

1997–98			
\$0.00	to	\$1,034.66	\$31.04 per fortnight
\$1,034.67	to	\$1,667.32	3% of fortnightly salary
\$1,667.33	to	\$2,500.99	\$50.02 per fortnight
\$2,501.00	to	...	2% of fortnightly salary

1998–99			
\$0.00	to	\$1,071.99	\$32.16 per fortnight
\$1,072.00	to	\$1,727.99	3% of fortnightly salary
\$1,728.00	to	\$2,591.99	\$51.84 per fortnight
\$2,592.00	to	...	2% of fortnightly salary

1999–2000			
\$0.00	to	\$1,105.32	\$33.16 per fortnight
\$1,105.33	to	\$1,781.99	3% of fortnightly salary
\$1,782.00	to	\$2,672.99	\$53.46 per fortnight
\$2,673.00	to	...	2% of fortnightly salary

2000–2001			
\$0.00	to	\$1,151.32	\$34.54
\$1,151.33	to	\$1,855.99	3% of fortnightly salary
\$1,856.00	to	\$2,783.99	\$55.68
\$2,784.00	to	...	2% of fortnightly salary

2001–2002			
\$0.00	to	\$1,203.32	\$36.10
\$1,203.33	to	\$1,939.32	3% of fortnightly salary
\$1,939.33	to	\$2,908.99	\$58.18
\$2,909.00	to	...	2% of fortnightly salary

2002–2003			
\$0.00	to	\$1 277.99	\$38.34
\$1,278.00	to	\$2,059.99	3% of fortnightly salary
\$2,060.00	to	\$3,089.99	\$61.80
\$3,090.00	to	...	2% of fortnightly salary

2003–2004			
\$0.00	to	\$1,337.32	\$40.12
\$1,337.33	to	\$2,155.32	3% of fortnightly salary
\$2,155.33	to	\$3,233.00	\$64.66
\$3,233.00	to	...	2% of fortnightly salary

2004–2005			
\$0.00	to	\$1,409.32	\$42.28
\$1,409.33	to	\$2,270.66	3% of fortnightly salary
\$2,270.67	to	\$3,406.00	\$68.12
\$3,406.00	to	...	2% of fortnightly salary

2005–2006			
\$0.00	to	\$1,473.32	\$44.20
\$1,473.33	to	\$2,373.99	3% of fortnightly salary
\$2,374.00	to	\$3,560.99	\$71.22
\$3,561.00	to	...	2% of fortnightly salary

2006–2007			
\$0.00	to	\$1,539.99	\$46.20
\$1,540.00	to	\$2,481.32	3% of fortnightly salary
\$2,481.33	to	\$3,721.99	\$74.44
\$3,722.00	to	...	2% of fortnightly salary

2007–2008			
\$0.00	to	\$1,591.32	\$47.74
\$1,591.33	to	\$2,563.99	3% of fortnightly salary
\$2,564.00	to	\$3,845.99	\$76.92
\$3,846.00	to	...	2% of fortnightly salary

2008–2009			
\$0.00	to	\$1,670.66	\$50.12
\$1,670.67	to	\$2,690.66	3% of fortnightly salary
\$2,690.67	to	\$4,036.00	\$80.72
\$4,036.00	to	...	2% of fortnightly salary

2009–2010			
\$0.00	to	\$1,759.32	\$52.78
\$1,759.33	to	\$2,833.99	3% of fortnightly salary
\$2,834.00	to	\$4,250.99	\$85.02
\$4,251.00	to	...	2% of fortnightly salary

2010–2011			
\$0.00	to	\$1,848.66	\$55.46
\$1,848.67	to	\$2,977.99	3% of fortnightly salary
\$2,978.00	to	\$4,466.99	\$89.34
\$4,467.00	to	...	2% of fortnightly salary

2011–2012			
\$0.00	to	\$1,915.32	\$57.46
\$1,915.33	to	\$3,085.99	3% of fortnightly salary
\$3,086.00	to	\$4,628.99	\$92.58
\$4,629.00	to	...	2% of fortnightly salary

2012–2013			
\$0.00	to	\$2,000.66	\$60.02
\$2,000.67	to	\$3,223.32	3% of fortnightly salary
\$3,223.33	to	\$4,834.99	\$96.70
\$4,835.00	to	...	2% of fortnightly salary

2013–2014			
\$0.00	to	\$2,089.99	\$62.70
\$2,090.00	to	\$3,367.32	3% of fortnightly salary
\$3,367.33	to	\$5,050.99	\$101.02
\$5,051.00	to	...	2% of fortnightly salary

2014–2015			
\$0.00	to	\$2,157.32	\$64.72
\$2,157.33	to	\$3,475.32	3% of fortnightly salary
\$3,475.33	to	\$5,212.99	\$104.26
\$5,213.00	to	...	2% of fortnightly salary

Superannuation Guarantee Charge

For employers whose annual payroll is more than \$1 million

Year	%
1 July 1992 – 31 Dec 1992	4
1 Jan 1993 – 30 June 1993	5
1993/94	5
1994/95	5
1995/96	6
1996/97	6
1997/98	6
1998/99	7
1999/00	7
2000/01	8
2001/02	8

For employers whose annual payroll is less than \$1 million

Year	%
1992/93	3
1993/94	3
1994/95	4
1995/96	5
1996/97	6
1997/98	6
1998/99	7
1999/00	7
2000/01	8
2001/02	8
2002/13	9

Year	New SG rates %	Old SG rates %
2013/14	n/a	9.25
2014/15	9.5	9.5
2015/16	9.5	10.0
2016/17	9.5	10.5
2017/18	9.5	11.0
2018/19	9.5	11.5
2019/20	9.5	12.0
2020/21	9.5	12.0
2021/22	10.0	12.0
2022/23	10.5	12.0
2023/24	11.0	12.0
2024/25	11.5	12.0
2025/26	12.0	12.0

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