



The facts about

The MAC Report on Organisational Renewal

Who should read this

Any mature aged members interested in working under more flexible arrangements and/or undertaking a staged retirement by 'going part-time' or moving to a lower level of work (or both) in the years leading up to retirement from the APS.

What is the MAC Report?

The Management Advisory Committee (MAC) released its report on Organisational Renewal on 20 March 2003. The report, Organisational Renewal, examines the challenges facing public service agencies in building organisational capabilities and this includes looking at workforce trends and superannuation issues. The research undertaken includes the likely employment and retirement patterns of mature age workers in the Australian Public Service.

The MAC Report is available at www.apsc.gov.au

Who initiated the review and who conducted it?

The review was initiated by the Management Advisory Committee (MAC) which advises the Government on the management of the

Australian Public Service. MAC is made up of all departmental secretaries and is chaired by the Secretary of the Department of the Prime Minister and Cabinet, Dr Peter Shergold.

The review was conducted by the Management Advisory Sub-Committee on Organisational Renewal, comprising ten agency heads. It examined the challenges facing public service agencies in building organisational capabilities. As part of that examination, the Sub-Committee looked at workforce trends and superannuation issues.

What are the findings of the report?

The report finds that the Australian Public Service (APS) workforce is ageing and is ageing faster than the Australian workforce as a whole. Agencies will also face increased competition for new entrants to the labour market, and an increasing challenge to retain skilled people in a tightening labour market.

The participation of mature-aged workers will need to be maximised by encouraging older workers to remain in the workforce longer, even if on a part-time or part-year basis, including scope for more phased retirement.

Skills will need to exist for managing a more varied workforce and managers will need to understand the different attitudes, expectations and life stage concerns of different groups of employees, and what that means for working practices and management approaches.

The report found that the design of the now closed Commonwealth Superannuation Scheme (CSS) which might influence some older scheme members to leave employment just before age 55, was manageable at the Service-wide level.

Furthermore, the significance of the issue will diminish over the next few years.

Nevertheless, agency awareness should be raised about the options available to retain key employees beyond the time when they become eligible to retire and awareness raising is also required for employees about superannuation and retirement planning.

There is a misconception that current superannuation provisions of the Public Sector Superannuation Scheme (PSS) and the CSS act as a barrier to working part-time or at a reduced level for those who want to phase in their retirement. This is generally not the case and arrangements that apply to the calculation of PSS and CSS benefits in such circumstances are to be part of an awareness raising campaign for both employers and employees. The report includes some examples to highlight this.

Does the report recommend any changes to PSS or CSS benefits?

No

What are main findings about the PSS and CSS?

The major superannuation schemes for the Australian Public Service (APS), the PSS and CSS, provide retirement benefits from age 55.

There is a strong desire on the part of many mature aged employees to work under more flexible arrangements. However, there is an apparent misconception that having a staged retirement by 'going part-time' or moving

to a lower level of work (or both) in the years leading up to retirement from the APS has a detrimental effect on the PSS or CSS benefit paid in retirement. This is generally not the case and the arrangements that apply to the calculation of PSS and CSS benefits in such circumstances are to be part of an awareness raising campaign for both employers and employees.

Some CSS members are able to receive a better benefit by resigning before retirement and deferring their entitlements than if they had remained in employment until age 55 or later (the '54/11 issue'). The 54/11 benefit has become attractive for some older members for a number of reasons, particularly because of the high CSS exit rates in recent years.

However, the incentive to resign before age 55 does not exist for all CSS members. Also, the number of CSS members as a proportion of APS employees is rapidly decreasing and the current investment climate of lower interest rates could have some effect on the number of CSS members who may materially benefit from resigning just before age 55. Overall, the research indicates that the 54/11 issue is manageable for the APS.

Related documents

- > About the Organisational Renewal report and for a copy of the report: www.apsc.gov.au
- > About going part-time for PSS members: Changing from Full-time to Part-time fact sheet
- > About salary reductions for PSS members: Salary Reductions and Your PSS Super fact sheet

Where can you get more information?

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You may wish to consult a licensed financial planner to do this.

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