



## Update—December 2011

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*Please note: copies of the Monthly Employer Updates are also available on the TasBuild webpage at [www.tasbuild.com.au](http://www.tasbuild.com.au)*

#### Entitlement Statistics for November 2011:

- Total entitlements paid: **53**
- Total value of entitlements paid: **\$412,548.11**
- Average weekly rate paid for all entitlements:  
**\$1,142.38**
- Average weekly rates paid to specific trades:

Bricklayer :	<b>\$1,517.60</b>
Carpenter:	<b>\$1,115.22</b>
Electrician:	<b>\$1,278.83</b>
Glazier:	<b>\$792.75</b>
Labourer:	<b>\$1,454.48</b>
Landscaper:	<b>\$730.75</b>
Painter:	<b>\$864.91</b>
Plant operator:	<b>\$1,020.90</b>
Plasterer:	<b>\$1,280.00</b>
Plumber:	<b>\$1,062.86</b>
Road Maker:	<b>\$988.00</b>
Sh Metal Worker:	<b>\$1,500.00</b>
Other:	<b>\$1,800.00</b>

### • *The year in review:*

As we close in on the end of what can best be described as a year of significant contrast I can report that since 01 July 2011 TasBuild Limited have provided 284 employees with long service entitlements. The total value of these entitlements was \$1,930,854.64, on average each employee received around \$6,800.00.

Assuming each employee has enjoyed a 4% wage increase for each year of their long service accrual period, employers would have paid contributions of \$684,016.40 to fund this liability. This amount represents 35.4% of the liability, the balance of \$1,246,838.24 or 64.6% of the liability, in this instance is funded by TasBuild through their investment activities etc. These figures underscore the value added by TasBuild to fund this legislated liability.

The TasBuild Offices will be closed from 1.00 p.m. on Friday the 23rd of December 2011 and re-open on Tuesday the 3rd of January 2012.

The Chairman, Board Members, CEO and Staff would like to extend their appreciation for your support during the past year and to wish you, your staff and your families a very safe and happy Christmas and a prosperous New Year.

*Merry Christmas everyone.*

**Chris Atkins CEO**

## RETURN ENHANCEMENTS -

As reported in the last 'Monthly Employer Update' I am pleased to advise that the first of a number of enhancements has been commissioned.

This enhancement is simple and has been introduced to allow employers to report wages and days worked in accordance with their business operations.

TasBuild have traditionally required employers to calculate their 'Period Pay' based on the '*Maximum Working Days in this Period*' as advised by TasBuild on the subject Employer Return.

This has caused a number of problems as employers would report the amount they actually paid to an employee, based on the number of pays they paid in the period and then used the days reported by TasBuild. This would generate a number of discrepancies and queries from TasBuild staff as under this method the rate of pay would appear to have changed.

As a consequence of enquiries from our staff a number of employers have altered their reporting method. They have calculated their employees ordinary time, daily rate of pay and multiplied this by the number of days advised by TasBuild for the subject period.

Where you have done this you can continue using this method, the changes will have no impact on you.

The enhancement will allow an employer to report the actual amount of ordinary pay paid to an employee on each pay day that occurs in the period.

Where you choose to do this you will be required to report the number of days for which you have actually paid the employee.

What this means is that if you pay your employees on a weekly basis, and there are four weekly pays in the subject period, you would report 20 days as the 'Paid Days'. That is 4 weeks pay X 5 days = 20 days. Where there are five weekly

pays in the period you would report 25 days as the 'Paid Days', i.e. 5 weeks pay X 5 days = 25 days.

Where you pay your employees on a fortnightly basis, and two pays fall in the period, you would report 20 days, i.e. 2 fortnightly pays X 10 days = 20 days. Where there is three fortnightly pays in the period you would report 30 'Paid Days', i.e. 3 fortnightly pays X 10 days = 30 days.

Going forward if you calculate the 'Period Pay' using your employees daily rate of ordinary pay multiplied by the '*Maximum Working Days in this Period*' as reported on the Return, you can continue to do this. You may care to change to reporting the actual amounts you pay the employee during the subject period and the actual number of days the payment represents.

Where you have traditionally reported the actual amount you have paid an employee and then used the '*Maximum Working Days in this Period*' as reported on the Return, you should report the actual number of **days for which you are paying** the employee, not the TasBuild reported days.

Where you have traditionally reported the **actual amount you have paid** and the **actual number of days** for which you have paid the employee, you will be able to continue to do this.

The enhancement will align TasBuild requirements more closely with business practices. As a consequence of these changes we expect that you should be able to extract the required information directly from your payroll/accounting system and use those figures to provide the information for your Returns.

We would appreciate your feedback on these issues to ensure that any teething issues are identified quickly and resolved.



## Update—December 2011

### ***Select Committee on the Cost of Housing, Building and Construction - Recommendations.***

The State Government appointed a Select Committee to investigate and report on "THE COSTS OF HOUSING, BUILDING AND CONSTRUCTION IN TASMANIA". The Committee Chaired by Mr. Rene Hidding tabled an Interim Report in the House of Assembly on 24 November 2011.

The Report contained a number of recommendations, those of particular interest to TasBuild are as follows:

*"The majority of the Committee recommends that TasBuild be required to present a proposal within 12 months for the winding up of its scheme which returns the current monies held to the beneficiaries. "and*

*"The majority of the Committee recommends that the matter be referred to the appropriate body for consideration of an Award or Superannuation increase to cover the previous benefit, ensuring workers in this industry have access to long service leave award provisions that all other Tasmanian workers enjoy."*

Obviously these recommendations are of concern to TasBuild, however whilst we have a vested interest in this area the recommendations will have little or no impact on the cost of building in Tasmania.

I believe this statement has some resonance particularly where the second recommendation is considered. The Committee recommends that 'the previous benefit' be incorporated into 'an Award or Superannuation increase to cover the previous benefit'. Where is the saving for employers should the Committee's recommendations be supported.

It is unlikely that the component of this recommendation regarding the Award and Superannuation matters will gain any traction, as these are Federal Government controlled areas.

TasBuild as you are aware, currently charge, complying employers, 2.0% of ordinary time earnings to fund the legislated long service obligations.

The actual cost of this obligation is 25% of an employee's annual ordinary time earnings at the time they take their entitlement. That is, an employer would be required to make payments of 2.5% of their employees **finishing ordinary weekly rate of pay for ten years** to fund the liability.

Through TasBuild's management of the Fund, employers are only required to contribute 2.0% of their employees ordinary rate of pay at the time the contributions are made.

When you consider the industry's wage increases over a ten year period, TasBuild's management of the Fund is providing significant savings to employers to fund their liability.

These savings will be lost where the Committee's recommendation that the current employee benefits are re-directed to and Award entitlement or as 'increased Superannuation contributions'.

A further component of the recommendations is that it appears the Committee are suggesting that Building and Construction Industry employees should come within the scope of the **Long Service Leave Act 1976**.

This particular Act does not provide the 'portability component' which is the cornerstone of the **Construction Industry (Long Service) Act 1997**.

Where the Committee are successful, the number of Construction Industry employees achieving enough service with an individual employer, to accrue a long service entitlement will be significantly reduced.

Whilst this may reduce the impact of long service, the employer's cost will not decrease as they will be required to make equivalent payments under an Award or in increased Superannuation.

Where an employee is able to accrue an entitlement an employer will be paying more than under the current arrangements. Further, where these recommendations are implemented around \$4,000,000.00 per year will be removed from our decreasing economy, as this is the value of entitlements paid to employees, by TasBuild each year.

I do not think the Committee have considered these consequences of their recommendations and I hope you each join with me in respectfully suggesting to all of the Select Committee Members to seriously review their current recommendations in this area.

### ***Return Lodgment—December 2011 and January 2012***

I wish to advise that during the Industry close down for the holiday period we will be taking a lenient approach to the lodgment of your **December 2011 and January 2012** Employer Returns, for employers who are currently complying with requirements.

Whilst we would like everyone to lodge their Returns by the 14th day of the month following the Return Month we understand that the Construction Industry traditionally closes over the Christmas, New Year period. We will allow a level of leniency where the above Returns are lodged a little later than specified, and we will be applying a reasonableness test, in this area

It should be noted that this approach will only be applied to the timeframes for these two Months Returns.

*Merry Christmas and a Happy New Year to you, your Family and your Employees.*