



Update— March 2014

19 March 2014

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Please note: copies of the Monthly Employer Updates are also available on the TasBuild webpage at www.tasbuild.com.au

Entitlement Statistics for February 2014:

- Total entitlements paid: 62
- Total value of entitlements paid: \$391,541.90
- Average weekly rate paid for all entitlements: \$1,114.90
- Average weekly rates paid to specific trades:

Boilermaker:	\$1,279.56
Bricklayer:	\$1,060.20
Carpenter:	\$1,051.32
Concreter:	\$1,007.00
Electrician:	\$1,247.07
Glazier:	\$889.71
Labourer:	\$1,217.39
Painter:	\$962.35
Plant operator:	\$985.56
Plumber:	\$1,138.67
Refrig Mech:	\$1,308.40
Rigger/Scaff:	\$766.95
Sheet Metal Wkr:	\$949.31
Other:	\$766.95

The weekly rates are an average of the rates actually paid by TasBuild to employees taking an entitlement during the subject month. The weekly rates paid have been calculated in accordance with the requirements of the Act and the Rules of the Fund. In general terms the rates represent the ordinary weekly amount payable to the employee and do not include site specific or other various compensatory allowances.

PORTABLE LONG SERVICE—AUSTRALIA

Portable long service is not unique to the Construction Industry in Tasmania. Every State and Territory has legislation in place providing this significant employee benefit.

Whilst none of the enacting legislation is exactly the same they each provide that an industry employee is able to accrue service towards an entitlement whilst working for a number of different employers and also whilst working in different states and territories. Portability between the states and territories is provided by a 'Heads Of Agreement' executed by the respective State and Territory Ministers providing reciprocity in this area.

Statistically the Funds recorded service for over 560,518 employees in 2013 and paid out over \$286,000,000 in entitlements to 39,298 workers.

The combined value of the Funds is \$2,970,000,000 with total liabilities of \$2,778,000,000. We employ 222 staff Australia wide.

Whilst Tasmania represents around 2.8 percent of the total, the economic impact of Portable Long Service is significant by any measure.

Finally, a reminder that our Office will be closed during the week after Easter, the actual dates are the 21st to the 25th of April 2014.

Chris Atkins CEO

Saving Money - On time lodgement and payment

The actual cost to fund the long service obligation to the Industry's employees is **25 percent of their annual wage** in the year they take their entitlement. Broken down to an annual figure it equates to **2.5 percent of their wage** at the time they take their entitlement.

Through the operation of TasBuild, the returns received from the funds invested, **timely receipt of payments** and the number of employees who do not accrue a full entitlement, or one of the generous pro rata entitlements, we are able to fund the future liability to employees at a rate of **2.0 percent of an employees current rate of pay.**

You will note "**timely receipt of payments**" is one of the reasons we can offer the 2.0 percent rate, which represents a 20 percent discount on the required rate.

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Saving Money - On time lodgement and payment

There are two “**Timely receipt**’ requirements, that is the **timely receipt** of the **lodgement** of your **employer return** and **payment** of your **contribution invoices**.

Employer **returns** are required to be **lodged** by the **14th** day of the month after the month or period to which the return relates. **Payments** are to be paid **within 30 days** of the date of issue of the invoice.

To recap; where you lodge your **employer return** on time **and** pay your **contribution invoice** on time, you will **save yourself 20 percent** of your cost to fund this liability.

We also understand that there are times where you may not be able to comply with these time frames, where this is the case **call** anyone of the friendly **TasBuild staff** and we will **assist** you as far as we can.

Below is some information that demonstrates an employers savings over the actual cost of the long service liability for an employee who starts on a \$1000.00 a week and receives a 4 percent annual wage increase each year he is employed.

It should be noted that these figures are indicative only, however irrespective of the starting wage and annual wage increases an employer would accrue significant savings where they lodge their returns on time and pay their contributions in a timely manner.

Employer cost comparisons 2.0 percent versus 2.5 percent contribution rate:

Year:	1	2	3	4	5	6	7	8	9	10	Total Paid
Weekly Wage	\$1000	\$1040	\$1082	\$1125	\$1170	\$1217	\$1265	\$1316	\$1369	\$1423	
2.00%	\$1040	\$1082	\$1125	\$1170	\$1217	\$1265	\$1316	\$1369	\$1423	\$1480	\$12486
2.50%	\$1352	\$1300	\$1352	\$1406	\$1462	\$1521	\$1582	\$1645	\$1711	\$1779	\$15110

Cost to TasBuild to pay 3 weeks long service entitlement after 10 years service based on the year 10 wage rate:

\$18503

Employer contributions received based on a 2.0 percent contribution rate over the period:

\$12486

Employer contributions received based on a 2.5 percent contribution rate over the period: :

\$15110

Employer saving (note the shortfall needed to be made up by TasBuild through investment activities etc);

where 2.0 percent contribution rate applies:

\$6017

where 2.5 percent contribution rate applies:

\$3393

The information contained in this Update is of a general nature and does not constitute legal advice. We encourage you to seek your own professional advice to find out how the Construction Industry (Long Service) Act applies to you.