



Update—April 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

Entitlement Statistics for March 2011:

- Total entitlements paid: **36**
- Total value of entitlements paid: **\$316,596.70**
- Average weekly rate paid for all entitlements: **\$1,095.09**
- Average weekly rates paid to specific trades:

Bricklayer:	\$1,240.00
Carpenter:	\$1,142.31
Concreter:	\$898.70
Electrician:	\$1,214.19
Labourer:	\$1,012.51
Painter:	\$821.67
Plant operator:	\$823.82
Plumber:	\$1,420.00
Other:	\$1,346.88

EMPLOYER FEEDBACK SOUGHT

Welcome to the April 2011 edition of TasBuild's Employer Update. In the February 2011 edition I mentioned we were reviewing our current systems to make the interaction between us simpler and easier.

TasBuild staff have already identified a number of areas where improvements may be made and we would appreciate your input. We invite you to provide comments to identify areas where improvements need to be made and provide details of what changes would make your life easier when dealing with TasBuild.

Should you wish to provide any comments they can be emailed to:

secretary@tasbuild.com.au.

In the mean time we will continue the work already commenced in this area.

Chris Atkins CEO

Entitlements Statistics - 01 April 2010 to 31 March 2011.

Employers are certainly aware of the input side of TasBuild, what with having to lodge Employer Returns and pay charges into the Fund. The following information is provided on the output side of TasBuild, that is the entitlements paid and what your employees are doing with the entitlements they accrue.

For the twelve months ending 31 March 2011 TasBuild paid 499 of your employees a total of \$3,510,014.00 in entitlements. On average each employee was paid \$7,034.10 at an average weekly wage rate of \$1,035.19.

The highest weekly wage reported was \$2,425.16 and was paid to an electrician. The lowest weekly wage was \$608.00 paid to a labourer.

Weekly wages for other trades ranged between \$2,096.15 to \$819.80 for Boiler maker / welders; \$1,280.00 to \$702.56 for Bricklayers; Carpenters were between \$1,946.55 and \$641.87; Concreters \$1,216.00 to \$641.87; Electricians \$2,200.00 to \$641.87; Fitter and turners \$1,083.60 to \$810.28; Glaziers \$1,167.74 to \$641.87; Labourers \$1,638.76 to \$640.76; Landscapers \$1,004.72 to \$741.00; Painters \$1,440.00 to \$700.00; Plant Operators \$2,171.00 to \$634.98; Plasterers \$1,080.00 to \$800.00; Plumbers \$1,750.00 to \$606.57; Re-

frigeration Mechanics \$1,485.00 to \$857.50; Rigger/Scaffolders \$1,230.00 to \$893.00; Road makers \$1,558.23 to \$710.22 ; and Sheet metal workers \$1,800.00 to \$720.00.

Long Service by its very nature creates a demand for jobs. Where those persons taking an entitlement, actually took leave, the industry would need to employ an additional person for 67 years to make up for the lost productivity, or in other terms 67 new employees for a year. The leave taken was the equivalent of 65.69 person years and was accrued over the equivalent of 2627.55 person years.

Of the 499 entitlements taken, 337 employees took leave payments and 162 received termination payments as they were leaving the industry or were working interstate.

Employees taking leave have the option of actually taking leave or taking the payment. Our records indicate that 58.5 percent of employees taking leave opted to take the payment only. This statistic has been calculated based on the information the employee provided on their entitlement application form. We do not have any way of determining whether this information is correct.

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Entitlements Statistics - 01 April 2010 to 31 March 2011, *continued from page 1.*

Termination payments included payments where an employee is working interstate and has service in Tasmania, voluntarily leaves their employment, is made redundant or dies.

Last year's termination payments include 28 interstate payments, 9 redundancies and 4 payments due to the death of the employee.

Those departing the industry last year came

from the following trades:

Boiler maker / welders: 3, Bricklayers: 2, Carpenters: 30, Concreters: 2, Electricians: 31, Fitter and Turners: 2, Glaziers: 4, Labourers: 33, Landscapers: 2, Painters: 4, Plant operators: 18, Plasterers: 2, Plumbers: 7 and Others: 10.

The above list provides a menu for future recruitment as those departing the industry need to be replaced.

The average age of all employees taking an entitlement during the past twelve months is 45.97 years. The youngest was aged 25 and the oldest 72.

Geographically 283 or 56.7 percent of those taking leave were from the South of the State, 131 or 26.3 percent were from the North and 85 or 17 percent were from the North West.

When does the full contribution rate apply?

TasBuild Limited is required to pay your employee's long service entitlement at their ordinary rate of pay at the time they take their leave.

To fund this entitlement contributions are received from employers. To fund this liability TasBuild will need to have received the equivalent of 2.5% of an employee's ordinary rate of pay (as at the date they take their entitlement) for 10 years.

As you are aware employers, provided they comply with certain conditions, pay contributions at a rate of 2% of the ordinary rate of pay at the time of making the contribution.

As you can see employer contributions are at a rate lower than the cost to fully fund the long service liability. This difference becomes greater when you consider that the 2% employer contribution is paid on the ordinary rate of pay at the time the contribution is made, not the employee's rate of pay at the time of taking the entitlement.

A number of factors come into play to make up this shortfall so that TasBuild can fund their liability to employees. The Act and the Rules provide a buffer that

mitigates some of the actual liability through the entitlement criterion that must be met etc.

The investment of the contributions collected also assists in this area. The final component is that where an employer does not meet their obligations they are required to make contributions at the full recovery rate of 2.5%.

Where an employer does not lodge their **Employer Return** within **7 days of the due date** (generally the 14th of each month), then the subsequent contribution rate for that Return will be the full rate of 2.5% of the employee's ordinary rate of pay.

The second trigger that will result in the 2.5% contribution rate being applied is where an **invoice** issued to the employer is **not paid within 30 days** of the date of the invoice.

To ensure you only have to pay the 2.0% contribution rate you need to lodge your Returns by the 14th of the subsequent month and pay your invoices within 30 days of the date they are issued.

Where you fail to lodge a Return, the Rules provide that TasBuild can estimate the information that is required. Where this occurs, to protect the Trustee, your employees wages

will be estimated at the highest rate paid to an employee in a similar position, based on entitlements that have been paid in the past 6 months.

Further, as you would appreciate the time spent in this area by TasBuild staff is detracting from other operational areas. **Considering this impost where an employer fails to lodge a Return, on three consecutive occasions, legal action may be taken through the Magistrates Court to obtain compliance. TasBuild would much prefer to work with our clients, and this step would only be taken as a last resort.**

We have previously outlined the consequences where an employer fails to pay an invoice within the required time frames.

We are prepared to work with you where you are having difficulties in any of these areas, we strongly recommend that you are proactive in contacting us to discuss your issues as early as possible.

This information 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.