

TasBuild Update—May 2010

Volume 1, Issue 1

22 May 2010

Inside this issue:

CEO's Introduction.

Ordinary Pay: What is it?

Employer Survey - the results.

CEO's Introduction

Welcome to the first in a series of "TasBuild Updates" which will be issued monthly to employers making contributions into the Construction Industry Long Service Fund.

The regular updates will provide you with information to assist you with your interaction with TasBuild Limited to make it easier and to remove some of the myths.

The Updates will also provide you with a statistical overview of the entitlements being paid to the industry's employees on a monthly basis.

A special feature this month is the overview of our recent "Employer Survey"

I hope you find the information interesting and a valuable resource for TasBuild related information.

Chris Atkins CEO

Entitlement Statistics for April 2010:

- Total entitlements paid: **39**
- Total value of entitlements paid: **\$286,521.84**
- Average weekly rate paid for all entitlements: **\$1,103.43**
- Average weekly rates paid to specific trades:

Boilermaker:	\$1,122.52
Bricklayer:	\$702.56
Carpenter:	\$948.36
Electrician:	\$1,252.16
Glazier :	\$970.00
Labourer:	\$939.65
Painter:	\$910.29
Plant Operator:	\$900.27
Plumber:	\$886.19
Road maker:	\$908.95
Unclassified:	\$1,377.38

ORDINARY PAY - *What is it?*

Understanding what "Ordinary Pay" actually is, is an important prerequisite to completing your Employer Return. It is the basis for the calculation of the "Period Pay" which you report for each of your employees, on your Employer Return.

"Period Pay", is calculated by multiplying the employees "Ordinary Pay" per day by the number of days in the period, or per week by the number of weekly pays in the period as the case may be.

The Rules of the Construction Industry Long Service Fund provides the definition of "Ordinary Pay".

Ordinary pay includes:

the amount of remuneration an employee **receives** when employed in "relevant employment";

and specifically includes:

- tool allowance;
- any allowance paid to the employee for equipment required by the employee to do their work; and
- any other allowance where it is reasonable to expect that the allowance being paid, is paid for the whole or greater portion of the time the employee is employed.

"Ordinary Pay" does not include:

- payment for overtime;
- any allowances paid to the employee due to working in specific circumstances (i.e. wet money, dirt money, heavy blocks allowance etc, etc) which is only paid whilst specific conditions are present;

- payment for living away from home;
- payments for meals or refreshments;
- payments in respect of travel to, or from, or in the course of work;
- payments for the use of a vehicle;
- payments by way of bonuses; and
- casual loading.

Despite the list of what is not included in "Ordinary Pay" appearing to be fairly simple, we have a number of industrial related consequences that have complicated, what is otherwise a simple definition.

Time off in lieu for working overtime:

Continued on Page 2

The payment for overtime

ORDINARY PAY - *What is it?*

Continued from page 1

appears straight forward, however a number of employment agreements provide that where overtime is worked the employee may either receive payment or take time off in lieu (TOIL).

Where the employee takes TOIL, a number of employers have decided not to include this time or payment on their Employer Returns as they claim the "payment is for overtime".

In these circumstances the Rules of the Fund identify the time taken, as time employed in "Relevant Employment", as such both the time and the payment need to be reported on the Employer Return.

Payment of a bonus: is another area that creates concern. The actual payments that are excluded are the one off payments such as Christmas Bonus, a bonus paid due to the early completion of a project etc. Some employers call "over award" payments bonuses. The above is not a definitive list, however should you need assistance, TasBuild Limited staff are only happy to assist.

It would be fair to say that where the bonus is paid on an ad hoc basis or the amounts paid are not consistent then those payments are not to be included in the "Ordinary Pay" calculation. However, where the bonus is paid for the whole or the greater portion of the time the employee is employed in "relevant employment" then it should be included in the "Ordinary Pay" calculation.

"Ordinary Pay" hours: "Ordinary Pay" can be described as the remuneration paid to an employee for the

ordinary time hours worked in "relevant employment".

The number of ordinary time hours per week in the building and construction industry is 38 hours. This is despite the fact that where Rostered Days Off (RDO), are part of the employment agreement or contract, employees work 40 hours a week and get paid for 38 hours. The additional two hours are credited and paid when the employee takes the RDO.

In all other instances it is the legislative or award based definition of "Ordinary time" that should be used to calculate the amount of "Ordinary Pay".

The number of days worked for the purposes of the Employer Return and the calculation of "Ordinary Pay" includes:

- annual leave;
- paid leave;
- payments whilst the employee is on workers compensation (conditions apply);
- Jury duty and providing evidence to a court as a party to a proceeding or as a witness; and
- Public holidays.

"Ordinary Pay" hours for casual employees and part time employees: the employment of casual and part time employees has increased significantly since industrial law changes in 2006. This area of employment has been causing difficulties for employers when trying to apply the

concepts of "Ordinary Pay" and "Ordinary Time".

Where you employ a casual or part time employee you should calculate the "Paid Days" and "Period Pay" to be reported on your Employer Return as follows:

- To calculate the "Paid Days", total the ordinary hours the employee worked during the period covered by the Employer Return and divide by 7.6 hours (this is the standard working day within the construction industry based on a 38 hour week ($38 / 5 = 7.6$ hours)).

For example if an employee works 150 ordinary hours in the period covered by the Employer Return; you divide the 150 hours by 7.6 hours (standard working day) which equates to 19.73 (20 days) round up if over .5 and down in under .5. Where the result is greater than the "Maximum Working Days" shown on the Return, you report the maximum, where the result is less than the maximum you report that figure.

- To calculate the "Period Pay" you multiply the "Paid Days" as calculated by you by the "Ordinary Pay".

Working Directors: the exact same rules apply to the reporting of the "Paid Days" and "Period Pay" where a Working Director is also an employee. The "Period Pay" figure should be the amount the Working Director receives whilst employed in "relevant employment".

EMPLOYER SURVEY - *Employers tell us what they really think!*

TasBuild recently conducted a survey of employers who make contributions into the Construction Industry Long Service Fund to :

- Determine a base line level of customer satisfaction;
- identify areas in which we are performing well;
- identify areas in which we are not performing well;

- seek feedback on potential changes to TasBuild Limited documents and employer Returns; and

- obtain employer feedback on areas or issues that they believe would enhance the operations of TasBuild Limited.

Employers told us that on a scale of 1 to 10 our overall performance rated 7.9. They also said TasBuild's staff

were easy to deal with, were helpful and knowledgeable. Our communications and correspondence were easy to understand and importantly were accurate.

This is a brief extract of the survey results, full details are available at our webpage at www.tasbuild.com.au under the "Latest Info and Media Releases" tab.