

27 May 2008

CIRCULAR NO: PAN/IL17/2008

ALL ACT MEMBERS

CHANGES TO EARNINGS BASE FOR SUPERANNUATION GUARANTEE

From 1 July 2008 superannuation guarantee legislation will require all super contributions to be calculated on **ordinary time earnings** (OTE).

Up to now, super contributions for some employees have been calculated on earning bases which were not related to OTE but were otherwise defined in:

- a relevant industrial award;
- an existing agreement;
- a fund's trust deed; or
- a law of the Commonwealth, States or Territories.

From 1 July 2008 all these other earnings bases will be replaced by a single earnings base definition of "OTE".

Most employees in our industry will already have super contributions calculated on OTE (e.g. those covered by the Graphic Arts General Award 2000, Country Publishing and Printing Award 2002, and many state awards or NAPSAs for clerks, commercial travellers and drivers).

Action required

Employers should examine the earnings base used for each employee and ensure all contributions will be based on OTE from 1 July 2008.

The checklist overleaf has been provided by the Australian Taxation Office to help employers identify what is included in ordinary time earnings.

Effective date: **1 July 2008**

Members with enquiries regarding the above should contact *Printing Industries' Employee Relations Department* on tel. (02) 8789 7300.

Yours faithfully



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Checklist for salary or wages and ordinary time earnings

Payment type	Salary or wages	Ordinary time earnings
Expense allowance that is paid with the expectation that it will be fully expended in producing income (for example, car allowance paid to real estate agents)	No	No
Allowances paid (other than a reimbursement of expenses or expense allowance)	Yes	Yes
Reimbursement of expenses (for example travel costs)	No	No
Bonuses that do not relate to specific performance criteria (for example Christmas bonuses)	Yes	No
Other bonuses	Yes	Yes
Commission	Yes	Yes
Over-award payments	Yes	Yes
Shift loading	Yes	Yes
Overtime	Yes	No
Casual loading	Yes	Yes
Benefits subject to fringe benefits tax (FBT)	No	No
Workers compensation payments, including top-up payments where no work is performed	No	No
Workers compensation payments, including top-up payments, paid by the employer, where work is performed	Yes	Yes
Top-up payments (for example when serving on jury duty or with reserve forces)	Yes	No
Payments when on maternity or paternity leave	Yes	No
Pay for annual holiday leave taken	Yes	Yes
Government wage subsidies (for example Wage Subsidy Scheme allowance)	Yes	Yes
Annual leave loading	Yes	No
Pay for sick leave taken	Yes	Yes
Pay for long service leave taken	Yes	Yes
Accrued annual leave, long service leave and sick leave paid as a lump sum on termination	Yes	No
Payments in lieu of notice	Yes	No
Redundancy payments	Yes	No
Other payments paid by an employer on termination of employment	Yes	No
Director's fees	Yes	Yes
Payments for performance in, or provision of services relating to entertainment, sport, promotions, films, discs, tapes, TV, or radio	Yes	Yes
The labour portion of payments to contractors who are employees for super guarantee purposes	Yes	Yes
Dividends	No	No
Partnership and trust distributions	No	No
Payments for entering into a restraint of trade agreement	No	No
Payments for domestic or private work under 30 hours per week	No	No