

# SUPER MADE SIMPLE FOR EMPLOYERS

AS AT JULY 2017



## WHAT ARE ORDINARY TIME EARNINGS?

Ordinary Time Earnings (OTE) are generally what your employees earn for their ordinary hours of work, including; over-award payments, commissions, allowances and paid leave.

**Refer to the checklist on the next page for more details.**

When paying super to your employees, you must use OTE, as defined in the Superannuation Guarantee (SG) law, to calculate the minimum SG contributions you are required to pay for your employees. This ensures all eligible employees are treated the same for SG purposes.

Overtime is not included in OTE (subject to certain exceptions).

## SUPER GUARANTEE (SG) RATES

YEAR	RATE
2016-17	9.5%
2017-18	9.5%
2018-19	9.5%
2019-20	9.5%
2020-21	9.5%
2021-22	10%
2022-23	10.5%
2023-24	11%
2024-25	11.5%
1 July 2025	12%



## USE THESE EXAMPLES AS A GUIDE TO SEE HOW IT MIGHT APPLY TO YOU

**EXAMPLE 1** – Your workplace agreement sets out the terms and conditions of employment. It stipulates ordinary hours as 38 hours a week.

It includes a standard requirement to work reasonable overtime clause, which gives you the right to require an employee to work reasonable overtime, but does not specify a number of required hours. For SG purposes, your required SG contribution should be calculated on the employee's earnings, based on 38 hours per week.

**EXAMPLE 2** – Your employer award outlines that ordinary hours are 38 hours per week. However, your workplace agreement requires that employees work a shift roster of an average of 42 hours per week. As the workplace agreement requires your employees to work an average of 42 hours per week, and those were the hours they actually worked on a regular basis, those hours are considered the 'ordinary hours of work' for SG.

The agreement describes some of these ordinary hours as overtime hours but this does not override the fact that your employees are required to work these hours on a regular basis. This will be the case even where the additional hours attract an additional rate of pay. For SG purposes, your SG contribution should be calculated on earnings, based on 42 hours per week.

## WHICH EMPLOYEES DO I HAVE TO PAY SUPER FOR?

Generally, if you pay an employee \$450 or more (before tax) in a calendar month, you have to pay SG on top of their wages.

If your employee is under 18 or is a private or domestic worker, such as a nanny, they must work more than 30 hours per week to qualify.

You have to pay super for some contractors, even if they quote an Australian business number (ABN). See section on subcontractors.

You pay super no matter whether the employee:

- Is full time, part time or casual
- Receives a super pension or annuity while still working - including those who qualify for transition to retirement
- Is a temporary resident - when they leave Australia, they can claim the payments you made through a 'departing Australia superannuation payment'.

# ORDINARY TIME EARNINGS (OTE)

## OTE CHECKLIST - WHAT IS INCLUDED IN OTE?

To make sure that you comply with the law, refer to this checklist which shows what is included in OTE. For further explanation please visit the Australian Taxation Office (ATO) website [www.ato.gov.au](http://www.ato.gov.au).

PAYMENT TYPE	SALARY / WAGES	OTE
<b>AWARDS AND AGREEMENTS</b>		
Overtime hours – award stipulates ordinary hours to be worked and employee works additional hours for which they are paid overtime rates	Yes	No
Overtime hours – agreement prevailing over award	Yes	No
Agreement that replaces award and removes distinction between ordinary hours and overtime hours	Yes - all hours worked	Yes - all hours worked
No ordinary hours of work stipulated	Yes - all hours worked	Yes - all hours worked
Casual Employee – • shift-loadings • overtime payments	Yes Yes	Yes No
Casual employees whose hours are paid at overtime rates due to a “bandwidth” clause	Yes	No
Piece- rates – no ordinary hours of work stipulated	Yes	Yes
Overtime component of earnings based on ‘hourly driving rate’ formula stipulated in an award	Yes	No
Labour Portion Payments to contractors who are employees for superannuation purposes (including ABN holders)	Yes	Yes
<b>ALLOWANCES</b>		
Allowance by way of unconditional extra payment	Yes	Yes
Expense allowance expected to be fully expended	No	No
Danger allowance	Yes	Yes
Retention allowance	Yes	Yes
Hourly on-call allowance in relation to ordinary hours of work for doctors	Yes	Yes
<b>PAYMENT OF EXPENSES</b>		
Reimbursement	No	No
Petty cash	No	No
Reimbursement of travel costs	No	No
Payments for unfair dismissal	No	No
Workers’ compensation* • returned to work • not working	Yes No	Yes No
<b>LEAVE PAYMENTS</b>		
Annual leave	Yes	Yes
Parental leave – e.g. maternity leave, paternity leave, adoption leave	No	No
Ancillary leave - e.g. jury duty, army reserve	No	No
<b>TERMINATION PAYMENTS</b>		
In lieu of notice	Yes	Yes
Unused annual leave	Yes	No
<b>BONUSES</b>		
Performance bonus	Yes	Yes
Bonus labeled as ex-gratia but in respect of ordinary hours of work	Yes	Yes
Christmas bonus	Yes	Yes
Bonus in respect of Overtime only	Yes	No

\*You may be required to pay super on Work Cover if stipulated in an Award or EBA. Please check your relevant agreement or award.

## WHEN MUST I PAY MY SUPER?

Super guarantee (SG) payments must be made to complying funds or retirement savings accounts (RSAs) by the quarterly due dates.

PERIOD	PAYMENT DUE DATE
1 July – 30 September	28 October
1 October – 31 December	28 January
1 January – 31 March	28 April
1 April – 30 June	28 July

Employers who pay super contributions under an EBA agreement may be required to remit their super contributions on a monthly basis.

## LATE PAYMENT OF SUPER

Employers may be liable to pay the Super Guarantee Charge (SGC) if they do not pay their employees' super on time.

### What is the SG Charge?

The SG Charge is a penalty placed on employers who fail to meet their superannuation obligations within a specified time frame.

You must pay the charge if you do not pay:

- Enough super contributions for each eligible employee
- Super contributions by the cut-off date for payment, or
- Super to each employees' chosen super fund.

If you don't meet your obligations, you may be liable to pay the charge as well as any shortfall in contributions to the ATO. In addition, you may not be able to claim a tax deduction for the contributions you make. Further information on the SG charge can be found on [ato.gov.au](http://ato.gov.au).

Employers who pay superannuation for employees under an industrial agreement (e.g. Enterprise Bargaining Agreement/EBA), may be required to remit contributions monthly. The SG legislation is a minimum requirement and industrial agreements override this, so you must adhere to the terms set out in them.

We suggest that you check the superannuation payment terms of your current industrial agreement to ensure that you remain compliant.



### LATE PAYMENTS CAN AFFECT YOUR EMPLOYEES' INSURANCE COVER AND INVESTMENT RETURNS

Late or non-payment of super can affect the insurance cover (Death, TPD and Income Protection) arrangements in place for employees. Employees may miss out on investment earnings when their superannuation is not paid on time.

## PAYING SUPER FOR YOUR SUB-CONTRACTORS

Under the *Superannuation Guarantee (Administration) Act 1992 (Cth)* a contractor is entitled to superannuation contributions if they work under a contract that is 'wholly or principally for the labour of the person'.

### How do you know if you should be paying super for your contract workers?

You should take the following factors into consideration:

1. How does your sub-contractor trade?
  - Company/Partnership/Trust – No obligation to pay superannuation.
  - Sole Trader – You may be liable to pay super for them.
2. Who decides when and where they work?
3. Who supplies the materials for the job? (This does not include hand tools.)
4. Do they have the power to delegate work to another party?
5. How are they paid? Hourly/weekly rate or at the completion of the job?

If you have the control to delegate workloads and supply the major materials for the job (which does not include tools), you are likely to be considered the 'employer' in this contract relationship and, under SG rules, will be obliged to pay superannuation contributions for them.

Super must be paid to a complying super fund – chosen by the worker. It must not be paid directly to the worker, or to their bank account.

**Alternatively, you can visit the ATO website and type 'contractor' in the search bar and click on the first link (Employee/contractor decision tool).**

### REMEMBER:

- Having an ABN (Australian Business Number) does not automatically exclude a sub-contractor from being an 'employee' and therefore does not automatically release you from your superannuation obligations to that sub-contractor.
- A person working for an hourly rate (labour only hourly rate sub-contractor) is still an employee and not a sub-contractor for superannuation purposes.
- Every contract is different, and BUSSQ cannot confirm whether or not you should pay super for your contract employees. You should use the decision tool on [ato.gov.au](http://ato.gov.au) or contact the ATO for more information.

## CHOICE OF FUND

Most employees are entitled to choose the fund employers pay their super contributions into. When employees are employed under an EBA agreement, they may not have choice of fund apart from the funds nominated in the EBA agreement.

When an employee starts working for you, if they are entitled to choose their own super fund, you must provide them with a choice of fund form which nominates your default fund.

You can find this form on the BUSSQ website, pre-populated with BUSSQ as the default fund.

You need to keep a copy of the completed Standard choice form for your own records for five years. You don't have to send a copy to us or to your employees' chosen super fund.

If your employees don't choose a fund or haven't provided the necessary information, and a super contribution is due, you must make the payment for them into your employer nominated fund by the due date.



## WHY CHOOSE BUSSQ AS A DEFAULT FUND?

- At BUSSQ we care about our employers and their employees
- We make super simple
- We are an industry super fund
- Our history of strong investment returns
- Flexible insurance cover
- Personalised assistance for employees with their super enquiries
- Good old fashioned service with the backing of modern technology

## SCH ONLINE – BUSSQ'S EASY TO USE CLEARING HOUSE

If you use BUSSQ as your default fund, our clearing house SCH online is available at no cost!

**What are the advantages of using BUSSQ's clearing house facility?**

- **It saves time** – simplifying the distribution of your super contribution payments will save you hours.
- **Flexible pay cycle** – you will be able to make payments monthly or quarterly. You can either enter the information manually or upload a file from your payroll system.
- **Flexible payment options** – SCH Online accepts payments by EFT, BPay and direct debit.
- **Reports** – you can download reports detailing payments received, distributions, transaction history and more.
- **Peace of mind** – payments are processed via a secure online platform.
- **Multiple levels of payment authorisation** – provides your business with internal security as one person can input information while authorisation of the payment can be assigned to a second person.
- **A dedicated team on hand** – to assist you with any queries.



**IMPORTANT INFORMATION:** BUSSQ offers members personal limited financial advice about their super including: choosing insurance, choosing investments and contributions, at no extra cost as it is included in the fund's administration fees. BUSSQ also offers members and non-members more complex financial advice on a fee for service basis. This advice is delivered by BUSSQ's in house Financial Planners and can be done in person or over the phone. Non BUSSQ members who receive advice will need to be billed for the advice separately. For more information search 'Financial Planning fees' at [bussq.com.au](http://bussq.com.au). The advice supplied in this fact sheet is general advice only and does not take into account or consider your personal objectives, financial situation or needs. Before acting on this information, you should consider the appropriateness of the information to your individual needs or seek independent advice from a properly qualified professional. Before acquisition of a BUSSQ Product, a Product Disclosure Statement should be obtained. A copy of BUSSQ's Financial Services Guide and Product Disclosure Statements may be downloaded from [bussq.com.au](http://bussq.com.au) or you can request a copy by contacting BUSSQ on **1800 MY BUSSQ (1800 69 2877)**. Prepared by BUSS (Queensland) Pty Ltd (ABN 15 065 081 281, AFSL 237860) as Trustee for BUSSQ (BUSSQ Fund, ABN 85 571 332 201). BUSSQ also owns Skylight Financial Solutions Pty Ltd (ABN 46 076 835 848, AFSL 450139), trading as BUSSQ Financial Planning the company that provides financial advice to our members. When we refer to BUSSQ in this fact sheet we're talking about the above entities as a group. Information in this fact sheet is correct as at 1 July 2017.



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