

8 July 2008

CIRCULAR NO: PAN/IL22/2008

ALL ACT MEMBERS



# CHANGES TO AWARD BASED SUPERANNUATION

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On 1 July changes to superannuation entitlements under federal awards and the basis of calculation of all super contributions became effective. There will now be significant differences in entitlements depending on the corporate status of the employers business.

## 1. AWARD SUPERANNUATION

### (a) Constitutional Corporations:

#### **WorkChoices ends award-based superannuation:**

Superannuation provisions in federal awards and NAPSAs which had been “preserved” until 30 June 2008 by the WorkChoices legislation no longer apply.

Many awards and NAPSAs (e.g., Printing Industry Superannuation Award; Clerks NAPSAs) have since the late 1980’s included provisions for employees to receive 3% superannuation contributions.

These provisions, which were preserved by WorkChoices legislation until 30 June 2008, no longer apply. This means that the minimum superannuation entitlement for employees under federal awards & NAPSAs will now be the Superannuation Guarantee Act (SGA) 9% provisions.

In the past some employees (e.g., those earning less than \$450 per month) had no SGA entitlement but may have been entitled to a 3% award-based contribution. This now changes and these employees will have no entitlement to any superannuation contributions unless by agreement with their employer.

As only award-based terms are affected there will be no change to any superannuation terms in Workplace Agreements (Certified Agreements, Australian Workplace Agreements, Individual Transitional Employment Agreements, Collective Agreements).

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## **(b) Non-Constitutional Corporations:**

### **3% Award Super continues**

Superannuation provisions of state awards (not NAPSA's) which cover employers which are not Constitutional Corporations (e.g., sole traders, partnerships, some trusts) will continue to apply – no change.

This means that some employees of non-constitutional corporations who are not entitled to 9% under the SGA may still receive an award-based superannuation contribution.

## **2. SGA CONTINUES FOR ALL**

The minimum 9% contribution provisions of the SGA will continue to apply and employers must make contributions for all eligible employees regardless of changes to award provisions.

## **3. GENERAL – for all classes of employers**

As per our circular No. PAN/IL17/2008 dated 27 May 2008 all SGA contributions must be based on “ordinary time earnings” from 1 July 2008.

Other bases for calculating the 9% contribution are no longer allowed.

Yours faithfully



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National Employee Relations & OHS Manager