

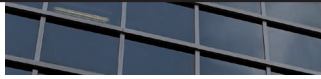


AUSTRALIAN  
CONSTRUCTION  
INDUSTRY  
REDUNDANCY  
TRUST

# employer information

VALID AS AT APRIL 2008

*An Industry Initiative for Security of  
Employee's Redundancy Entitlements*



## *A joint Employer/Trade Union initiative providing security of payment for employees' entitlements*

### **The Fund**

The Australian Construction Industry Redundancy Trust (ACIRT) is a national fund established in response to requests from construction employers and unions. The fund enables employers to fund their employees' redundancy entitlements, as provided for under the various industrial awards and enterprise agreements. Employers can fund such entitlements through the payment of weekly contributions, which are paid monthly into the Fund on behalf of their employees.

The Fund has been specifically designed to meet the unique requirements of construction industry employers and their employees.

The Fund provides for contribution flexibility. Employers can pay the minimum contribution of \$25.00 per week for their employees until the award redundancy entitlement is funded, or they can make higher contributions, to provide employees with higher redundancy entitlements, as agreed to between the employer, relevant union and employees through enterprise agreements.



Employers can also make higher contributions for employees who work on particular construction projects, which may be required as a result of contractual obligations. (ie. Project Agreements)

The Fund is endorsed and supported by the following organisations:

- Master Builders Association (NSW),
- Australian Industry Group,
- Civil Contractors Federation,
- Master Plumbers and Mechanical Contractors Association (NSW),
- Australian Council of Trade Unions (ACTU),
- Construction Forestry Mining and Energy Union (Construction & General Division) (CFMEU),
- Communications Electrical and Plumbing Union (Plumbing Division) (CEPU),
- Australian Manufacturing Workers Union (AMWU) and
- Australian Workers Union (AWU).



## The Benefits

The Fund has been designed and structured to provide the following benefits:

- A) It provides for contribution flexibility. Employers can pay the minimum contribution (\$25.00) for each week of service for each Employee, until an amount equal to but not less than eight weeks wages (at ordinary times earnings) has been contributed to each Employee's account by the Employer or the contribution rate specified in an Industrial Instrument, whichever is the greater.
- B) It provides for the security of employee redundancy entitlements.
- C) Unlike other redundancy funds in Australia, ACIRT will generally distribute all of its surplus income to Members. Surplus income is paid in July each year. The income available for distribution is divided amongst members in proportion to the members' account balances. It is calculated in much the same way as many bank accounts - calculated on the daily balance. The annual income distribution will be taxable in the hands of the members who are required to declare such payments as part of their yearly income.
- D) Redundancy benefits and productivity amounts (if applicable) are paid directly to the member by ACIRT.
- E) ACIRT has had a funeral benefit for deceased members since 1998. The trustee has a discretion to pay a funeral benefit of up to \$6,500 for 'eligible' members. Dependants, family members or other claimants must demonstrate financial hardship.



## The Structure

ACIRT is governed by a Trust Deed, which established the Fund.

The trustee of ACIRT is a company called ACIRT PTY LIMITED. It has a Board of Directors with equal employer and employee representation. All decisions of the Board of Directors must be passed by a two thirds majority vote. At all board meetings, employer directors are entitled to exercise one half of the votes and the employee directors are entitled to exercise the other half of the votes.

At present, employer directors have been appointed by the Master Builders Association of NSW (MBA), the Australian Industry Group (AIG), the Civil Contractors Federation (CCF) and the Master Plumbers and Mechanical Contractors Association (NSW) (MP & MCA). Employee directors have been appointed by the Australian Council of Trade Unions (ACTU), the Construction Forestry Mining and Energy Union (CFMEU), the Australian Manufacturing Worker's Union (AMWU), the Australian Workers Union (AWU), and the Communications, Electrical & Plumbing Union (CEPU).

The trustee has appointed a professional administrator to ensure that the Fund is administered efficiently.

Each employee has a separate account, called a 'Member Account' into which regular monthly employer redundancy contributions are accumulated. Some members may also have accumulated 'productivity' contributions accrued before 1 January 2002.



If employees become redundant they are entitled to be paid all their accumulated redundancy and productivity amounts (if any) contributed into ACIRT by their employers.


Redundant is defined in the Trust Deed as:  
'The termination or cessation of employment of the member for any reason.'

Upon the employer and the member providing the administrator with the necessary details, payment is made direct to the member, either by cheque or electronic fund transfer, whichever method of payment is nominated by the member on the claim form. The administrator will generally process payment within 3 business days from receipt of the completed claim form.

## **Taxation - Fund and Employer**

The Trustee has previously obtained Australian Taxation Office private rulings that are renewed every three years. The current situation is summarised as follows:

1. ACIRT is a trust estate which is subject to Division 6 of the Income Tax Assessment Act 1936 (ITAA1936).
2. Employer redundancy contributions to the Trust will be allowable deductions under subsection 8-1 of the Income Tax Assessment Act 1997 (ITAA1997).
3. ACIRT is an Approved Worker Entitlement Fund for Fringe Benefits Tax (FBT) purposes.
4. Contributions that are made to ACIRT by an Employer in respect of the employment of their employees are Exempt benefits under section 58PA of the Fringe Benefits Tax Assessment Act 1986 (FBTAA).

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5. Employer contributions to ACIRT represent capital of the Trust and are not assessable income in the Trustee's hands.
  6. Any income not distributed is taxed as undistributed income under section 99A of ITAA1936.
  7. As ACIRT contributions are 'exempt' fringe benefits they are not 'taxable' for Pay-roll Tax purposes.
  8. NSW Employers should note that ACIRT contributions are excluded in the workers compensation premium calculation.

## **Taxation - Employee**

The annual income distribution is taxable in the hands of the members who are required to declare it, as part of their yearly income, in the tax year it was earned by the Fund. Tax legislation requires the trustee to deduct tax on these distributions at the highest marginal rate (plus the Medicare levy) where members have not provided their tax file number.

Redundancy payments from ACIRT are classified as 'Employment Termination Payments' (ETPs) and are subject to the following tax rates (which includes the Medicare levy), which will be deducted by the Fund administrator.

**Under 55 years of age - 31.5%**

**Over 55 years of age -16.5%**

If the employee is over the age of 55, then other termination and superannuation payments may have a bearing on the effective tax rate applicable.

Employees on low incomes may receive a refund of part of the tax deducted, if their marginal tax rate is less than the tax rate deducted.



## **What is an ETP?**

An ETP is a lump sum payment made in consequence of termination of employment, generally within 12 months of the termination.

## **What is an ETP Cap Amount?**

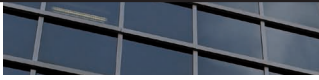
The ETP cap amount is an amount calculated each year and determines how much of the taxable component of the ETP is taxed at the aged based reduced rates. The ETP cap amount for 2007/2008 is \$140,000 and indexed each year.

## **Can a Member Rollover their ACIRT ETP?**

The rules relating to ETP's have been substantially re-written as a result of the removal of the RBL's. Only 'Transitional ETP's' paid after 1 July 2007 can be rolled into a Superannuation Fund. Transitional ETP's are ETP's provided for in employment contracts, relevant laws or enterprise agreements as at 9 May 2006 if the amount can be calculated. In addition, the ETP must be paid between 1 July 2007 and 1 July 2012.

Employees entitled to significant redundancy benefits should consider obtaining advice before payment of the ETP, particularly if they are considering a rollover to a Superannuation Fund.





## Payment of Contributions

ACIRT offers several different methods of processing contribution returns and payments Via the Web site or electronically.

### Web Options

OPTION

#### **1** EmployerAccess® website facility with data entry.

This option best suits employers who are comfortable processing their contributions directly on our EmployerAccess website facility.

These employers would generally have a small to medium number of employees and would like to pay their contributions via the net.\*

OPTION

#### **2** EmployerAccess® website facility with payroll facility.

This option best suits employers who are comfortable processing their contributions directly on our EmployerAccess website facility.

They would use a payroll facility from which they can produce a compatible payroll file and would prefer not to manually input data.

They would also like to pay their contributions via the net.\*

OPTION

#### **3** EmployerAccess® website with Excel spreadsheet facility.

This option best suits employers who are comfortable processing their contributions directly on our EmployerAccess website facility.

They would prefer to use a customised spreadsheet to submit their contributions and like to pay their contributions via the net.\*

\* All the above options allow payment via the net by Direct Debit or Funds Transfer. Payment by Cheque is also acceptable.



## **Electronic Non Web Options**

OPTION

**4**

**EDT Payroll facility** – This option best suits employers who are NOT comfortable processing their contributions directly on our website.

They would have a payroll facility from which they can produce a compatible payroll file and would prefer not to manually input data.

They would also prefer to pay their contributions by cheque or EFT (electronic funds transfer).

OPTION

**5**

**EDT Spreadsheet facility** – This option best suits employers who are NOT comfortable processing their contributions directly on our website.

They would prefer to use a customised spreadsheet to submit their contributions, and prefer to pay their contributions by cheque or EFT (electronic funds transfer).

For further information on any of these options you can contact our call centre on (free call) 1800 060 467 and request for an **e-Business brochure to be sent to you.**

## **Administrator**

The Trustee's policy is to appoint a professional administration company which specialises in the administration of Industry Superannuation and Redundancy Funds to administer the fund.



## **Audited Accounts**

A participating employer or member is entitled to receive (on request), a copy of the Audited Accounts. To obtain a copy please contact the ACIRT Administrator.

## **Investment Policy**

The Fund currently invests in Australian and Overseas Fixed Interest, Cash, Listed Property and Australian and Overseas Equities. The investments of ACIRT are managed on behalf of the Trustee by

- AMP Global Investors,
- BT Investment Management,
- Barclays Global Investors,
- Legg Mason Asset Management,
- Macquarie Investment Management,
- ING Funds Management,
- GMO Australia Ltd, and
- Dimensional DFA Australia

### ***Objectives:***

The primary objective is to preserve the value of the members capital. The secondary objective is to achieve an annual surplus, pay a distribution to members and outperform the benchmarks over rolling annual periods.

### ***Asset Mix:***

The typical asset mix will be 65% invested in cash/debt securities and 35% invested in growth assets.

### ***Risks:***

The returns and capital value of the equity assets may fluctuate. However, the risk associated with the cash/ debt securities should be low.



## **Asset Allocation**

An important part of setting any investment strategy is deciding how much to invest in the various types of financial assets. The Trustee has appointed a professional investment adviser who review asset allocation and investment manager performance every 6 months. The Trustee has adopted a formal Investment Policy Statement.

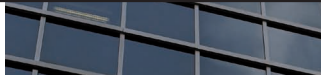
## **Derivatives**

Derivatives such as futures and options (financial instruments derived from physical securities such as shares) can be useful investment tools if employed with care.

Because of their low purchase price, they can be used for gearing - that is to achieve higher exposure to markets than would be possible if the physical securities were purchased. ACIRT does not permit any manager to gear its portfolio but does permit managers to use derivatives for one or more of the following purposes:

- To protect the value of the portfolio (portfolio insurance);
- To change market exposure rapidly;
- To change the duration within fixed interest portfolios;
- To reduce exposure to foreign currency risks.

In the long term, the use of derivatives is expected to increase the Fund's investment returns, although the effect will vary from year to year.



## **ACIRT Key Audited Financial Information**

### ***Asset classes***

This information is provided in ACIRT's Annual Report. Whilst a copy is mailed to all participating employers, it can also be downloaded from our website [www.acirt.com.au](http://www.acirt.com.au)

## **Fund Earnings and Expenses**

The Fund is a form of investment and so returns may fluctuate.

The Fund must be able to meet its redundancy payment obligations, before any distributions of income can occur. In addition all expenses must be paid before there is income available for distribution.

### ***Expenses will include:***

- Administration fees;
- Directors fees and out of pocket expenses;
- Investment Advice and other consulting fees;
- Investment management fees;
- Audit fees, secretarial and legal expenses
- Salaries, on-costs and other operating expenses.

The administration fee is levied as a weekly fee per active Member Account. This is deducted from Fund income. However, a small fee is charged to the member if they elect to have their benefit paid by electronic funds transfer.

No fees (other than bank charges) are payable on contributions to ACIRT or on payment of benefits from ACIRT. The Trustee does not make a profit. However, director's fees are paid to compensate for time spent managing the Fund.



## **Forfeiture of Benefits**

The Trust Deed of the Fund provides for benefits to be forfeited in certain circumstances including:

- Bankruptcy of the member;
- Mental or physical disability of the member;
- The member attempting to assign, mortgage or charge his or her benefit;
- Where members cannot be found and have only small account balances.

Income distributions to members may also be forfeited in certain circumstances, for instance where the Trustee has no address for the member at the time of sending income distributions to members, or where the cheque in payment of the income distribution has not been presented.



## **Employer Services**

The Trustee strives to achieve the highest possible level of member service. If you have any enquiry or complaint about ACIRT, the Trustee will do its utmost to ensure the matter is resolved quickly and satisfactorily.

Enquiries or complaints can be made by telephone, facsimile, correspondence or personal interview.

You may telephone ACIRT Administration between 8:30 am and 5:30 pm on the freecall telephone number 1800 060 467.

Alternatively, should you wish to make an enquiry in person ACIRT Administration is located at:

Ground Floor, 1A Homebush Bay Drive,  
Rhodes NSW 2138.

You may call for an interview between 8:30 am and 4:30 pm without an appointment or to ensure prompt attention you may make an appointment by telephoning 1800 060 467.

Written complaints should have 'Notice of Complaint' written on the letter and be addressed to:

Enquiry Officer  
ACIRT Administration  
Locked Bag 5040  
Parramatta NSW 2124



## **ACIRT Privacy Statement**

This Privacy Statement outlines the approach that ACIRT Pty Limited, the corporate Trustee of the Australian Construction Industry Redundancy Trust takes in protecting the privacy of your personal information.

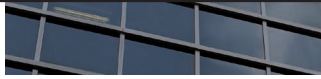
This Statement outlines what details we keep about you and why we need these details.

This Privacy Statement applies to the corporate Trustee and Australian Administration Services Pty Limited (AAS) our administrator.

The Privacy Amendment (Private Sector) Act 2000 commenced on the 21 December 2001. This Act regulates the way ACIRT and its service providers must handle personal information. Further, the Act contains 10 National Privacy Principles that regulate how ACIRT must collect, store and protect the quality of personal information. They also regulate how ACIRT can use or share personal information with other organisations. These National Privacy Principles form part of our operating administration procedures.

## **You Have Access to Your Information**

Under the 10 National Privacy Principles, you can access most of the personal information we hold about you and request corrections. To obtain this information, please contact ACIRT to ask them for your personal details. In certain limited circumstances, some or all access may be denied. If this applies to you, ACIRT will explain the reason.



## **What Personal Information Will ACIRT Keep on Members?**

ACIRT collects personal information from members to administer their accounts. Information collected includes C+Bus membership number (if applicable), name, address, date of birth, telephone number, occupation, name of ACIRT participating employer and number, beneficiary details and tax file number.

The above personal information is collected when members lodge their "membership application form", "changes in membership details" or use our website @ [www.acirt.com.au](http://www.acirt.com.au) to lodge other data.

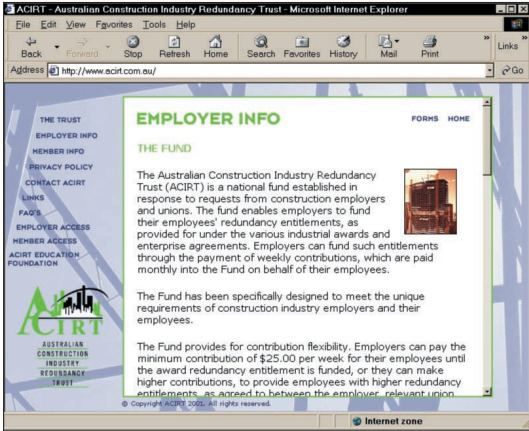
## **Why Does ACIRT Need Your Personal Information?**

The personal information collected on members is used to establish an ACIRT member account where redundancy contributions are processed, benefit payments made and correspondence sent. If you choose not to provide certain personal information, it may mean that we tax any benefits at a higher rate, cannot correspond with you or track you if you become a "lost member".

We also use third party service providers (Administration, mailing companies, archiving companies) and other organisations like auditors and the Australian Tax Office who receive or have access to certain personal information. With the exception of the Tax Office, contracts are in place to protect your information by these organisations.



# ACIRT Website - [www.acirt.com.au](http://www.acirt.com.au)



You are now able to visit the ACIRT web site @ [www.acirt.com.au](http://www.acirt.com.au) . The information available on this website includes the key benefits and contact details of ACIRT. **You now have the ability to download the various employee benefit claim forms and member information / application booklets**, including the ACIRT Annual Report. You also have access to some very informative links such as:

- Master Builders Association
- Australian Industry Group
- Civil Contractors Federation
- Master Plumbers & Mechanical Contractors Association (NSW)
- Australian Council of Trade Unions
- Construction Forestry Mining & Energy Union
- Communications, Electrical & Plumbing Union (Plumbing Division)
- Australian Manufacturing Workers Union
- Australian Workers Union



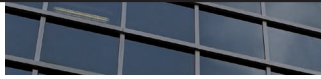
Another great feature is EmployerAccess, which enables you to process and pay your contributions directly and update member information on-line (for more information see pages 9 &10).

All of these features are designed to give you easy access to information about your redundancy fund, whilst giving you peace of mind knowing that the service conforms to world security standards.

## **Securing Your Information on the Web**

When ACIRT captures your personal information, it is passed through our secure server using 128-bit encryption technology. This scrambles your information to ensure it is protected over the Internet.

Nevertheless, Employers should be aware that there may be inherent risks associated with transmission of information via the Internet. Employers who do not wish to use the Internet can provide their information by non-electronic means.



## Collection of Browsing Information

When you browse the ACIRT website, our service provider logs the following information for statistical purposes:

- Your server address,
- Top level domain name (for example .com, gov,.au, uk etc),
- The date and time of your web-site visit,
- The pages you looked at,
- The documents down-loaded,
- The previous site you visited, and
- The type of browser you used.

ACIRT will not release your personal information unless the law permits it or your permission is given.

The ACIRT website is "cookie free". This means we will not send you any unsolicited information after you accessed our site. We will record your e-mail address if you send us a message, however it will not be added to any mailing list.



## Contact Us

If you have any query relating to our privacy policies or have a complaint regarding your privacy, you can:

1. e-mail us on [parker\\_acirt@hotmail.com](mailto:parker_acirt@hotmail.com)
2. contact our administrators on the freecall telephone number 1800 060 467
3. visit ACIRT at:  
Ground Floor, 1A Homebush Bay Drive,  
Rhodes NSW 2138. or
4. write to ACIRT at:  
Locked Bag 5040,  
Parramatta, 2124.

If you are unsatisfied with the resolution of any complaint, you can refer the matter to the Privacy Commissioner by calling 1300 363 992.



**ACIRT Pty Ltd**  
**ABN 31 773 602 307**

**Trustee Administration**

ACIRT ABN 39 062 330 170

NSW Ground Floor, 1A Homebush Bay Drive,  
Rhodes NSW 2138

QLD Level 8, IBM Building  
348 Edward Street  
Brisbane QLD 4000

TAS Level 4, Reserve Bank Building  
111 Macquarie Street  
Hobart TAS 7000

VIC Level 9, 333 Collins Street  
Melbourne VIC 3000

SA Shell House, 170 North Terrace  
Adelaide SA 5000

WA Level 2, 118 Bennett Street  
East Perth WA 6004

**ACIRT Administration**

Locked Bag 5040  
Parramatta NSW 2124

**Registered office:**

Ground Floor, 1A Homebush Bay Drive,  
Rhodes NSW 2138

**ACIRT National Co-ordinator:**

Dennis Matthews  
Ground Floor, 1A Homebush Bay Drive,  
Rhodes NSW 2138  
T: (02) 8571 5438 M: 0418 206 989  
Email: dmatthews\_acirt@hotmail.com

**Freecall** 1800 060 467

**Fax** 1300 655 119

**Website** [www.acirt.com.au](http://www.acirt.com.au)