

Local Authorities Superannuation Fund (LASF) Defined Benefit Plan WorkSafe Remuneration Assessment Review of Top-up Contributions

We would like to thank all the defined benefit employers that have contacted us about this matter.

Based on our understanding of the WorkCover definition of "remuneration", defined benefit contributions should be included in the remuneration calculations to the extent that those contributions (including the top-up contributions and the related contributions tax) relate to post 1 January 1998 service. In addition, contributions should be included in those calculations based on the earlier of when the contributions are paid or when the contributions become payable.

We have spoken to WorkSafe regarding their request for further information and have explained to WorkSafe that the 31 December 2011 top-up contributions were payable on 1 July 2013 even though those contributions were included in the financial statements for 30 June 2012 for many employers.

WorkSafe have indicated that:

- "Payable" means a debt which is due.
 - WorkSafe believe that a debt is due when a liability is booked in an employer's financial statements (e.g. if the top-up contributions were booked in the employer's financial statements for the year ended 30 June 2012, WorkSafe believe that the debt is due in the 2011/12 financial year).
 - A number of employers have included top-up contributions in their 2011/12 remuneration calculations.
 - A number of employers have included top-up contributions in the 2012/13 remuneration calculations.
 - WorkSafe believe that the top-up contributions should have been included in the 2011/12 remuneration calculations where the contributions were booked in the employer's financial statements for the year ended 30 June 2012.
- However, WorkSafe have indicated that they will accept the top-up contributions being included in either the 2012/13 remuneration calculations or, at the latest, the 2013/14 remuneration calculations.**
- For an employer that has adopted the 15-year repayment plan, the total top-up contributions should be included in their remuneration calculations no later than 2013/14. (WorkSafe believes that the total top-up contributions should have been included in the remuneration calculations in the year that the top-up contributions were included in the employer's financial statements e.g. the 2011/12 financial year.)

Prior year information

Following each actuarial review, the Actuary calculates the percentage of defined benefit members' service that should be treated as remuneration for WorkCover and Payroll Tax purposes. The relevant letters are available on our dedicated Defined Benefit Plan webpage. You can access these by typing in the following email address: www.visionsuper.com.au/ login and looking in the "Workers Compensation and Payroll Tax" section. A copy of this document will also be posted in the same section.

In relation to the request for prior year information, **WorkSafe has indicated that they only require this information back to the 30 June 2010 financial year** and not 1 January 1998 (which was when superannuation contributions were first included in the WorkSafe remuneration calculations). The appropriate percentages are shown below.

Relevant call (including contributions tax)	WorkCover	Payroll Tax
31 December 2011	46.7%	48.4%
30 June 2010	43.5%	45.3%

The extent that top-up contributions should be included in the remuneration calculations should be based on the above percentages. For example, if you paid a total of \$1 million (including contributions tax) of your December 2011 call in the 2012/13 year and you are including those contributions in your WorkCover remuneration calculations for that year, 46.7% of that \$1million (i.e. \$467,000) is treated as remuneration for WorkCover purposes in that year.

Given the WorkCover review, we suggest that employers also consider how they treated the top-up contributions for Payroll Tax purposes.

We trust that this information will be of general assistance to you. As Trustee of the Local Authorities Super Fund you will appreciate that we are unable to provide you with formal advice on either WorkCover or Payroll Tax. You may wish to consider obtaining advice covering your specific circumstances if you think it is appropriate.