

ANNUAL REVIEW & NEWS

ACIRT19

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FEBRUARY 2019



**YOUR
REDUNDANCY
SAFETY NET**

A photograph of three construction workers on a job site. In the foreground, a worker wearing a tan hard hat and blue-tinted safety glasses is out of focus. In the middle ground, a man in a green hard hat with a 'SAFETY ALERT' sticker and safety glasses is looking towards the right. In the background, another worker in a white hard hat with 'SKN GROUP' on it and a neon yellow shirt is visible. The background shows a blurred city skyline.

**'WE WANT TO
CONTINUE TO IMPROVE
SERVICE QUALITY
AND BENEFITS FOR
MEMBERS.'**

Message from the new Chair, CFMEU NSW President Rita Mallia

WE'RE SIMPLY CONTINUING THE LEGACY.



RITA MALLIA, CHAIR OF ACIRT

You'd think Rita Mallia, Chair of ACIRT, would have a difficult role managing a board where half represent union members, and half employers. It's complicated governance. Yet in 2018, the fund's numbers and growth are again impressive, thanks to cohesion and a focus on the point of it all, which is, Ms Mallia stresses, 'the 95,000 members'.

There's more to it than that, of course.

'The Board is also responsible for \$680 million of assets and over 2,000 employers,' she said before adding,

'The highlight of the year was being able to return \$19 million to members by way of distribution.'

It's a surprisingly large amount given the construction industry is busy and unemployment is low. Yet the Board is well aware of the reality that even in the good times, builders and subbies can fall over.

The fund always needs to grow

So what's the hardest part of hers and the board's role?

'It's the investment aspect,' she said. 'We have advisors of course, but the fund always needs to grow. We're always looking at ways to reduce costs, including investigating the feasibility of insourcing the administration, and we invest conservatively and mostly in cash.'

Forward thinking. Always planning

When the sharemarket is performing well, it must be difficult to stay conservative because you want to do well for your members?

'We're not a superannuation fund. We're a safety net. The Board is forward-thinking. We know when a larger project is finishing and so we prepare for the redundancies, making sure the members are aware of the money they can access.'

'My highlight for 2018? Being able to return \$19 million to members by way of distribution.'

The Inpex Ichthys project in the Northern Territory is the perfect example of a Board not waiting for things to happen. Knowing its multi-billion dollar construction phase was due to finish, ACIRT'S Queensland member co-ordinator Barry Martin was sent to the Top End. There, he met with the workers and let them know there was ACIRT money waiting for them at project's end. It was a financial and emotional relief.

'We want to continue to improve service quality and benefits for members,' Ms Mallia said as she looked toward the next 12 months. 'In 2019, it would be great to see more employers contributing to secure redundancy entitlements of their employees.'

It's this support that exemplifies the Fund's reason for being.

Message from the CEO.

UP CLOSE WITH TONY BUTCHER, GM & CEO, ACIRT.



Cranes dominate our skylines. The city streets are busy with the chatter of jackhammers and rumble of cement trucks. Building workers are in demand, not walking the streets of Sydney looking for work. Yet Tony Butcher, ACIRT GM and CEO, has had an extremely busy year.

'Because of the nature of the industry, this boom won't last,' he said. 'We've had members on pipeline projects on Curtis Island off Gladstone, and they get good money for years and all of a sudden it ends. When they're laid off they can claim their money they have in ACIRT'.

Tony Butcher oversees ACIRT staff, the fund's investments, the

outsourced member administration and the running of the Board. The fund has approximately 95,000 members who have an average balance of \$1,500 each. With ACIRT built into their EBA, employees know they'll land softly when the project they are working on finishes.

'We pay something like 20,000 claims a year,' he said. 'Members ring up all the time who need money for mortgage payments or Christmas presents for the kids. I've had members living in their cars who've had to claim because they have no money left.'

Members are at the heart of everything we do

So despite all the tasks that fill the days, weeks and the year of the ACIRT GM and CEO, ultimately Tony Butcher's role is quite simple.

'Members are at the heart of everything we do. For instance, unlike other entitlement funds, we pay distributions to our members every year.

'The fund's doing really well. We're very conservatively invested. It's protection. We're a safety net, and we try to make it as easy as possible for every single member.'

TONY BUTCHER
ACIRT, CEO

'I've had members living in their cars who've had to claim because they have no money left. We're their safety net.'

MEET THE BOARD.

Half of the ACIRT Board Represents union members, whilst the other half represents employer groups. All decisions need to at least reach a two-thirds majority.

Top Row: Tony Butcher (CEO), Peter Genovese (CFMEU), Jim Wilson (AWU), Glenn Thompson (AMWU), Matt Gissane (MBA – NSW), Peter Glover (MBA – NSW), Brian Seidler (MBA – NSW), Steve McCarney (PTEU), Frank O'Grady (CFMEU).

Bottom Row: Callum McKay (MP and MCA – NSW), Nick Zardo (CCF – National), Jim Barrett (AIG), Rita Mallia (Chair) (ACTU), Lindsay Le Compte (AIG), Dean Hall (CFMEU).

Note: Nick Zardo resigned on the 13th December 2018. The Board acknowledges his many years of service to ACIRT.



FINANCIAL SUMMARY.

THE YEAR IN NUMBERS

| | |
|--------------------------------------|---------------|
| Total Assets | \$680,613,824 |
| Total Liabilities | \$19,697,248* |
| Contributions Received | \$151,927,375 |
| Benefits Paid | \$101,795,547 |
| Number of Members | 95,093 |
| Number of Employers | 2,038 |
| Number of Claims Paid | 16,172 |
| Total Member Account Balances | \$587,538,377 |
| Total Value of Funeral Benefits Paid | \$327,530 |
| Total Income Distribution to Members | \$19,449,574 |
| Total Value of Investments | \$677,256,366 |

*Includes distribution.

‘Even during the recessions and the GFC, every member has had access to the full value of their redundancy account.’

'It was touch and go. The surgeon told my wife I had a five percent chance of survival.'

Ken Greaves



A HEALTH SCARE BRINGS CRANE DRIVER KEN BACK TO EARTH.

Ken Greaves, tower crane driver from Rooty Hill, is remembering the most frightening time of his life. About 20 years ago, the fitness fanatic had just gone for a swim and a run.

He arrived home, and was trying to tell his wife Julie that he had a headache, but she couldn't understand a word he was saying.

While exercising, Ken had suffered a cerebral haemorrhage. There was bleeding in his brain. He was rushed to hospital where his condition was so critical he couldn't be operated on for a week and a half. Thankfully he survived the wait, and the operation, one where the surgeon had to 'cut a little trap door into his skull'. Ken faced three months in recovery, and not being able to draw a wage.

'The docs said that my fitness saved my life,' Ken said.

Ken's ACIRT money saved him and Julie. Being able to access his ACIRT fund as a lump sum meant the bills could be paid while Ken worked harder than ever to get back to full health.

The ACIRT safety net saves Ken

And while ACIRT is typically used to help workers who've been made redundant, it is flexible. 'ACIRT is a safety net,' Ken says. 'It helps people in lots of different ways.'

Ken recovered completely. These days, sitting up there in the Multiplex crane cabin, he's had time to think about whether the operation on his brain had changed him in any way. Is he a different person?

'Well, it sure didn't make me smarter,' he said.

How's that, Ken? 'I'm still workin.'

TAX LAWS ARE CONSTANTLY CHANGING. DO THEY IMPACT YOU?

Below is a summary of the tax implications of being a member of ACIRT as at 31 December 2018. It relates only to payments received during the 2018/2019 financial year (i.e. before 30 June 2019).

If you want further information or clarification you should seek professional financial advice from a qualified tax professional.

REDUNDANCY PAYMENTS

Redundancy payments made to ACIRT Members within 12 months from their termination date will be treated as Employment Termination Payments (ETP) and taxed depending on whether your ETP exceeds the cap as well as your Preservation Age at the end of the income year that you receive your payment.

Where the ETP when added to other taxable income is under the cap of \$180,000 (or \$200,000 if you received an ETP for genuine redundancy, early retirement scheme invalidity or personal injury) and you are at or over Preservation Age you will be taxed at 15% (plus the Medicare levy). If you are under the Preservation Age, you will be taxed at 30% (plus the Medicare levy). In 2018/2019, the Medicare Levy is 2%. The balance of the ETP in excess of the cap is taxed at ordinary tax rates.

Redundancy payments made to ACIRT Members after 12 months from their termination date are not ETP's and are taxed as directed by the Australian Taxation Office. They are assessed as ordinary assessable income taxed at ordinary marginal rates. ACIRT cannot determine your marginal tax rate so we use the PAYG withholding rates per the ATO publication 'NAT 1005'. The tax to be applied is determined by taking the total amount in ACIRT, divided by 52 to get the gross weekly amount. The tax withheld is the 'with tax free threshold' column UNLESS we are aware that you are currently employed. If this is the case we use the 'No tax free threshold' column. The weekly rate is multiplied by 52. This amount is the total to be withheld. We will issue you with a PAYG payment summary – individual non business form as they are not ETP's. The amount of PAYG we deduct may be less than the amount of tax you pay.

Members are not obliged to claim the whole of their account balance in the one tax year.

- Members must claim their ETP amount within 12 months of their employment termination date to be eligible for the concessional rates set out above. If a member does not claim the whole of the amount within this period they can still claim the benefit but it will not be taxed as an ETP. It will be taxed at ordinary rates.
- However, members can elect to leave their ACIRT benefit and accumulate further contributions from other participating employers. In this situation, your ACIRT benefit will be locked in until you terminate your employment with your next employer in the building and construction Industry. The redundancy benefit payment will be treated as an ETP as long as the claim is lodged within 12 months of your termination date.

Questions & answers

MEMBERS AND EMPLOYERS.

MEMBERS

HOW DO I CLAIM MY MONEY?

ACIRT requires something in writing from your former employer confirming that you have left that employer. If your former employer has gone out of business, we will accept a letter from the relevant union confirming your situation. If you need help, contact Ben or Barry, our Member Co-ordinators.

Claims can be lodged at acirt.com.au.

WILL MY CLAIM BE PAID IN THREE DAYS, OR THREE BUSINESS DAYS?

Three business days.

WHEN AM I GETTING MY DISTRIBUTION?

Distributions are made every November for the previous financial year. Make sure your address and bank details are up to date or we don't know where to send your money. Even better, phone our Contact Centre now on **1800 060 467** and give us your details or go online.

MY DISTRIBUTION IS NOT AS HIGH AS MY RETURN FROM MY SUPER FUND. WHY?

As a redundancy fund, we need to be able to pay all our worker entitlements to our members when they need it. As a result, we have to invest more conservatively than most superannuation funds that have a longer term investment horizon.

HOW SECURE IS MY MONEY?

We continue to remain conservatively invested, with the highest percentage invested in cash.

In our 23 year history, even during the recessions and the GFC, every member has been able to access the full value of their redundancy account when they ceased employment.

I DON'T KNOW HOW MUCH ACIRT I SHOULD BE GETTING?

To find out, just phone our Contact Centre on **1800 060 467** or use the Member Access portal at acirt.com.au. Keep in mind that not all members get a distribution. Fund administration costs need to be allocated equally between all members, so only those whose account returned more than the notional administration cost, were entitled to a distribution. The national administration cost was \$80 in 2018.

EMPLOYERS

I'M AN EMPLOYER. TELL ME ABOUT EMPLOYER ONLINE.

EmployerAccess is fast, simple and easy to use – you just need your ACIRT employer number and follow the prompts:

1. Visit acirt.com.au
2. Select the Employer tab
3. Click on 'Register' and enter your ACIRT employer number.

HOW MUCH DO I HAVE TO CONTRIBUTE TO ACIRT FOR OUR EMPLOYEES?

ACIRT requires a minimum payment of \$25 per week, per employee paid monthly. However your redundancy obligations may be more than this and will be detailed in your Enterprise Bargaining Agreement or relevant Award. ACIRT is not aware of the redundancy obligation that applies to your business therefore we suggest that you contact Fair Work Australia, the relevant trade union or one of the employer associations represented on the Board to confirm your obligations.

DO I HAVE TO PAY REDUNDANCY WHEN AN EMPLOYEE IS ON LEAVE?

Yes. Employers are obligated to make ACIRT payments while an employee is on any Annual Leave, Long Service Leave, other paid leave or Workers Comp up to a maximum of 26 weeks.

WHAT PAYMENT OPTIONS DO I HAVE?

- Bpay – we can provide you with the ACIRT biller code and your unique Reference Number
- Cheque – made payable to ACIRT
- Electronic Funds Transfer
- Direct Debit

DO I HAVE TO PAY FBT ON CONTRIBUTIONS INTO ACIRT?

No. ACIRT has been prescribed in regulation as an Approved Worker Entitlement Fund. This is important because any employer contributions to a fund that is not 'approved' will result in a taxable fringe benefit and thus taxed under the provisions of the *Fringe Benefits Tax Assessment Act 1986* (FBTAA).

WHAT IF I CAN'T PAY EMPLOYER CONTRIBUTIONS ON TIME?

ACIRT employer contributions are due and payable by the 14th day of the following month, i.e. September 2018 is due and payable by the 14th October 2018. The trust deed does give us the right to charge interest for late payments, therefore if you think your payment might be late or you are having cash flow issues, contact our Arrears Co-ordinator, Nicole Dorahy on 02 9863 1213 or at nicole.dorahy@acirt.com.au to discuss your concerns.

**Skilling up?
ACIRT
can help**

ACIRT Education Foundation Grants.

WANT TO CLIMB THE LADDER IN CONSTRUCTION?

Plan on skilling up in 2019? We may be able to help with costs.

Simply apply for a financial grant from the ACIRT Education Foundation, a support program that has been running for over 15 years to assist ACIRT members to advance their industry skills.

Please understand that the charitable trust, which is separate from ACIRT redundancy monies, has limited funding so not all applications may be successful.

The new Foundation Awards Information Guide is available at acirt.com.au/acirteducation or call **02 8571 5437** for more information.

Meet Ben Manna.

BEN'S MANNA FROM HEAVEN FOR WORKERS AND BUILDERS.

After three years and up to 15 on-site 'Tool Box' meetings a month, ACIRT Member Co-ordinator Ben Manna has met and spoken to thousands of workers. He's the go-to bloke who helps construction workers understand their account and whether to expect a distribution early November.

'Builders like us there too because we identify the risks,' Ben said. 'For example, once we do the mass meeting, usually with a CBUS rep, the blokes will come and see us with the issues, and we then go and talk to the builder. For example, if the subbie's not paying entitlements, then something could be wrong.'

A potential job risk is negated instantly.

In fact, the only real issue Ben has had with the workers was when ACIRT changed the distribution month from December to November. The head of the plumbers' union was on to him straight away because ACIRT had ruined their holiday plans.

'There was a group of sprinkler fitters,' Ben said. 'They went on a surfing trip to Thailand each year with their distribution

'ACIRT is really about giving you a bit of dignity when you're out of work.'

money. We moved the date of the distribution and they kicked up a fuss. They were the only ones that complained!' Ben said laughing.

The yearly return of funds to members is unique to ACIRT, yet Ben says that ACIRT offers something far more important.

'It's really about giving you a bit of dignity when you're out of work. You don't have to be embarrassed with your family. The money can pay the mortgage, the school fees, it just gives you that bit of dignity.'

For construction workers, Ben's the man to speak to, right when you need it.



Love your yearly distribution money?

CHECK YOUR DETAILS.

Unlike other redundancy funds, ACIRT pays out all our surplus income to members. But we have gaps in addresses and bank details which means that some of our members aren't receiving their money.

To check we have your correct details, hop on line at acirt.com.au or speak to your ACIRT member co-ordinator whose contact details are on the back page.



SMOKO TIME.

A QUICK CHAT WITH DRAGUTUN NAKIC



Dragutun's backing his mates while ACIRT supports him.

If ACIRT was a person, Dragutun Nakic would be it. He's big, friendly, supportive of his construction industry mates and conscious of the need to financially protect himself in the future.

Last year was a perfect example. During the latter half of 2018, Dragutun stood on a picket line in Singleton protesting a crane company that hadn't given their workers a pay rise in six years. To support his fellow workers, the union delegate and foreman had left Sydney, gone off-site and therefore off-payroll for a few weeks.

Halfway through the dispute Dragutun was already using his credit card to get by.

'When I got back to Sydney from the picket line I was pretty much broke,' Dragutun said. 'I'd used up all my RDO hours. I checked my mail and there was a nice juicy ACIRT cheque there. That \$1,654 helped me out big time. It's like an early Christmas present.'

The yearly ACIRT distribution cheque had arrived just when he needed it.

Typically, ACIRT is a financial safety net for members who have just lost their job, and need support until the next one. Yet Dragutun's experience and that of his workmates, isn't that unusual.

'I worked with a guy whose wife got cancer,' he said. 'The chemo was expensive and he pulled the ACIRT money out to pay for the chemo. She's all good now.'

Dragutun Nakic is a massive believer in building his ACIRT balance, knowing that when there's a boom there's going to be a bust. 'That's why I'm saving for a rainy day. I know the good times won't last forever. When that day comes, I'll have plenty of ACIRT to live off.'

And when the mortgage is paid off what will he do?

'Back to Croatia,' he said smiling. 'Yeah I've got family over there. I'd love to go back.'

As for the crane company dispute in Singleton, the workers won their deserved pay rise and Dragutun is looking to the future, knowing ACIRT will be there when he needs it.

'It's great. I love it. If you lose your job at least you have a little nest egg to live off.'



Have you redundancy- proofed yourself?

You have protection for when you're on-site, but what about when you're laid off?

The Australian Construction Industry Redundancy Trust (ACIRT) ensures you have some money to put toward the bills when the job's over and you're out of work. Even better, your fund is paid by your employer.

To join or check if you have money in ACIRT call 1800 060 467 or go to acirt.com.au.

'ACIRT offers a great service to everybody. I wish it was offered in other industries.'

Peter Marino
Azzurri Concrete

The employer's view.

THE VALUE IN HAVING ACIRT FOR MY EMPLOYEES.

Peter Marino is the CEO of the successful and ever-growing Azzurri Concrete company, whose extensive list of projects include Wolli Creek, Harbord Diggers and MLC Burwood. He's a long-term fan of ACIRT because he's seen what happens when there's no support.

'I've been on the other side, working for somebody, and I lost all my entitlements,' he told us. 'The company went into liquidation, but because I was in the office and I wasn't on site I was told it didn't apply to me.'

ACIRT's a foundation for happy employees

Peter says that for Azzurri Concrete, 2018 was its biggest year ever. Even so, the next 12 months will surpass that by at least 20–30%, with a goal

to one day becoming the 'top dog' in the NSW concrete industry. In a terrific sign of the culture at Azzurri, staff turnover is only 10% out of over 100 employees.

'Touch wood, but in the last 15 years we've never had to lay off anyone.'

So why do employers like Azzurri believe we need ACIRT? It's the employers who are paying, after all.

'At the end of the day you never know in life. We like ACIRT. It's a bit of comfort for our employees. It's virtually job security for them. If things happen, they have security. Happy employees make a happy environment.

'My opinion's always been like this. In the last 10 years I've seen a number of companies liquidated or phoenixed and individuals have lost all their

entitlements. When it comes to ACIRT, there's more pros than cons by a country mile.'

Peter says that ACIRT has a good relationship with employers because all parties see the mutual benefit, not to mention that the ACIRT payment doesn't attract FBT or payroll tax.

'Thank God,' Peter adds, smiling.

'ACIRT offers a great service to everybody. I wish it was offered in other industries. It takes a bit of a burden off the Australian government, rather than workers getting social security when they're laid off, and it's always good that the money goes back into re-investing. And even better than all that, Ben Manna, the ACIRT Co-ordinator, is not a bad bloke.'

NEED HELP? CONTACT US



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BRISBANE

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10 Eagle Street
Brisbane QLD 4000

PERTH

Level 12
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Perth WA 6000

GET ON-LINE WHEN YOU'RE OFF-SITE

Want to learn how to redundancy-proof yourself?

Hop on our website. It's the main way we communicate with members so it's easy for you to get anything you need, like when your distribution will be paid, updating your account details, learning about the ACIRT Education Foundation and lots more.

And if English isn't your first language, don't worry. We even have Google Translate.

Get all your questions answered at acirt.com.au. It's the tool you can't go without.



Become part of the ACIRT community.

Stay up to date with member distributions, news, jobs, competitions and more.



Find us on
Facebook

facebook.com/redundancyfund/

Freecall 1800 060 467 acirt.com.au

Locked Bag 5040, Parramatta NSW 2124

Extended call centre hours

Our Contact Centre is open until 7 o'clock (NSW time Monday to Friday). So we're on, when you knock off.

ACIRT Pty Limited | ABN 39 062 330 170

This report was prepared as of February 2019. Every reasonable attempt has been made to ensure that it represents an accurate summary of the Fund. However, if a question of interpretation arises, the trust deed and audited accounts will be the only valid source of reference. Neither the Directors nor their service providers accept responsibility for any error or misprint. ACIRT 54776

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