

# Newsletter



**PROFESSIONAL ACCOUNTING AND BUSINESS CONSULTANTS ■ JANUARY/FEBRUARY 2011**

**W**elcome to the January/February Edition of our corporate newsletter.  
Thank you for all the feedback sent to us in relation to our previous edition.

## Tax Diary February-April 2011

### 21 February

January 2011 Monthly Activity Statements due date for lodgement and payment (if required).

### 28 February

December 2010 Quarterly PAYG Instalments due date for payment (or variation if required)

December 2010 Quarterly Activity Statements due date for lodgement and payment (if required)

### 21 March

February 2011 Monthly Activity Statements due date for lodgement and payment (if required)

### 31 March

2010 Income Tax Return due date for lodgement and payment (if required) for Large/Medium business taxpayers and Tax Level 6 individual taxpayers

### 21 April

March 2011 Monthly Activity Statements due date for lodgement and payment (if required)

### 28 April

March 2011 Superannuation guarantee contributions due date for payment  
March 2011 Quarterly PAYG Instalments due date for payment (or variation if required)  
March 2011 Quarterly Activity Statements due date for lodgement and payment (if required)

## In this Issue

- Paid Parental Leave Scheme
- New unfair dismissal laws
- Casey Partners Make a Wish Golf Day
- Contractors and Superannuation
- 2011 Casey Partners Footy Tipping
- Genesys Wealth Advisors Article

## Regular Features

- Meet the Team - staff member profile
- Freaky Facts!

## 'Contact Details

www.caseypartners.com.au  
67-69 High Street, Berwick Vic 3806  
PO Box 393, Berwick Vic 3806  
Ph: 03 9707 2788 Fax: 9707 5451  
admin@caseypartners.com.au

## ***Paid Parental Leave Scheme***

### **- what you need to know as an employer**

**T**he Australian Government's Paid Parental Scheme started on 1 January 2011, which will entitle some employees with a child born or adopted on or after 1 January 2011 to be eligible for paid parental leave. We take a look at what you need to do as an employer.

Between 1 January 2011 and 30 June 2011 there is very little for employers to do in most cases as Centrelink will pay eligible employees directly. Centrelink will contact employers during this time to confirm employee details and eligibility.

The government will make payments on your behalf from 1 January and then it is a requirement for all employers from 1 July 2011 to provide Parental Leave if your employee has worked with you for at least 12 months prior to the expected date of birth or adoption of your child. You will be reimbursed by Centrelink once payments have been made after 1 July 2011.

Eligible Employees are to be paid up to the minimum wage per week (currently \$570 per week) before tax for up to 18 weeks and this payment can be taken at any time within the first year after the birth of the child.

Eligible Employees are to include:-

- employees who are employed either full time, part time or casual
- have been employed with the business for at least 12 months before the expected date of birth or adoption of their child
- have worked for at least 10 of the 13 months prior to the birth or adoption of your child and worked for at least 330 hours in that 10 month period (just over one day a week).

For more information, please visit this website or contact your client manager for further information.

<http://www.familyassist.gov.au/payments/family-assistance-payments/paid-parental-leave-scheme/>.

## ***Meet the Team***

### ***Juliet Abduli***



#### **Role at Casey Partners:**

Juliet commenced working at Casey Partners in January in an Administration Traineeship role.

**Favourite TV Show:** The Hills

**Favourite Food:** Pasta and Sushi

**Worst food:** Oysters

**Family:** Dad, Mum and 2 brothers

**Pets:** No Pets

**Hobbies/Interests:** Spending time with family, Shopping  
Attended David Jannz Singing Academy between the years of 2000 – 2008

### ***Freaky Facts...***

Did you know....

If you plug your nose you can't hum

Ants never sleep

Women blink nearly twice as much as men!

## ***New Unfair Dismissal Laws***

- a must read for small business employers

**N**ow that you have read the article and probably seen the new ads on television about the new Paid Parental Leave scheme that came into effect at the start of the year, it might be time to think about another government change implemented at the same time that may affect your small business. This change in legislation has not had much media attention and runs the risk of falling through the cracks, despite the importance it may have.

As of 1 January 2011, only businesses that employ fewer than 15 employees – by simple headcount - qualify as a small business when an employee makes an unfair dismissal claim. For those that knew the previous definition of ‘small business’ you’re thinking that there is no real change, right? Wrong.

Before the change in definition a small business was one that employed fewer than 15 full-time equivalent employees.

This is a significant change, especially if you employ a number of part-time staff and encourage job sharing and provide flexible working arrangements. Your employees may do the work of fewer than 15 full-time equivalent staff, but in themselves add up to more than 15 people. If this situation applies to your business, you will find that you're no longer eligible for the special unfair dismissal arrangements that apply to small businesses.

These special arrangements include a minimum employment period of 12 months before employees can make an unfair dismissal claim and a simple Fair Dismissal Code to help employers ensure dismissals are not unfair.

Any business with 15 or more employees - by simple headcount - is now vulnerable to the same unfair dismissal rules that have already resulted in a surge of claims against employers.

In the 2009/10 financial year alone, unfair dismissal applications increased to more than 13,000 - a staggering 63% increase compared with the previous year, before the introduction of the *Fair Work Act 2009*.

## ***Casey Partners Make a Wish Golf Day***

Thursday, the 2nd of June is set for the 17th Annual Golf Day. If you haven't played in the day or perhaps you're not a golfer and would like to come along, enjoy an entertaining lunch and see what happens on the day, now is your chance!

We will have a limited number of spots available on the day so if you want to participate please register your interest as soon as possible. Those who have participated in the past will receive an invitation directly in April/May.



*Callen O'Brien is proud to announce the  
safe arrival  
of his daughter*

*'Emma Louise O'Brien'!*

*Born 25 January 2011 weighing 8 pound*

# *Contractors and Superannuation*

## **- Are you required to pay super to your contractors under SGC**

**T**here are head contractors in a number of consulting and contracting industries where superannuation should be paid to their contractors. It is important as a contractor to understand when you need to pay super contributions for sub-contractors as it could be an expensive wake up call when they are hit with shortfall interest and penalties under the Superannuation Guarantee Charge ("SGC") rules!

If you have contractors that you pay under a contract that is wholly or principally for that contractor's labour, even if the contractor quotes their Australian business number, that contractor could be eligible for payment of super from a Superannuation Guarantee perspective. Under the SGC rules, a contract is considered to be principally for labour when more than half of the value of the contract is for the person's labour, which includes physical labour, mental labour and artistic labour. Please note that this is irrespective of whether the 'Sub-Contractor' is a company.

### **How can it be a contract? does it need to be in writing?**

No, it can be in writing, but a contract can also be verbal. When having a contractor on board you need to determine whether they are:-

- being remunerated for his/her personal skills and labour irrespective of the legal structure of the Sub-Contractor
- whether the work must be performed by him/her personally
- whether they are paid on an hourly basis rather than upon completion of the contract.

### **If you believe your contractor is an employee for SGC rules, what is the earnings the superannuation contributions are based on?**

To pay superannuation to your contractor you are only required to pay the 9% superannuation guarantee charge on the labour component of the contract. The labour component of the contract will determine your earnings base, which is considered to be ordinary earnings in the course of work (including bonuses, overtime and allowances), however this will be determined by what agreement you have with your contractor.

When taking on a contractor, it is important to ensure that an agreement between yourself and the contractor is clear and defined. Where the Sub-contractor is principally providing labour, irrespective of whether they are a company, partnership or just supplying an ABN, alarm bells need to be ringing about your liability for Superannuation and workcover. Unfortunately, the answer will be very much dependant on a case by case basis and we strongly suggest you contact us for advice before establishing a contract and rate with the sub-contractor.

## *Footy Tipping 2011 is coming!*

Once again Casey Partners are running an AFL Footy Tipping competition for the upcoming season. Whether you're an old hand when it comes to tipping or you are lacking experience (like the Gold Coast Suns), there's no better time than to start.

The cost will be \$25 to enter, which is to be paid before round 3 at the latest. Prize money will be determined once the final numbers have entered, but will be approximately 65% of the pool for first, 20% for second, 10% for third and then 5% for the wooden spooner to keep the stragglers interested mid-way through the season!!

After Collingwood's 2010 Premiership and the numerous clients he has collected from, Peter is pleased to put up a bottle of wine for anyone who tips 8 correct. Only one bottle of wine was won last year, so hopefully we can make it an expensive year for him!

To enter, simply go to [http://www.footytips.com.au/comps/2011\\_Casey\\_Partners\\_Footy\\_Tipping](http://www.footytips.com.au/comps/2011_Casey_Partners_Footy_Tipping) and enter the Private Code: casey2011 to register your name and details and remember to enter your tips each week. If you have any problems, contact Andrew in the office at [aharper@caseypartners.com.au](mailto:aharper@caseypartners.com.au) or call him on 9707 2788.

**Important:** This is not advice. Clients should not act solely on the basis of the material contained in this Bulletin. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of these areas. It is issued as a helpful guide to clients and for their private information. This is confidential and must not be made available to any person without prior approval.



# Rebalance

## and tone up your investments



Rebalancing may seem simple in theory, but it is good practice to seek the advice of a professional to assess the full implications – the strength and performance of your portfolio depend on it.

### What is rebalancing?

Portfolio rebalancing is the process of bringing the different asset classes in your portfolio back into the shape set out in your financial plan. By rebalancing regularly – for example every 12 months or after a significant change in the market – you exercise essential financial disciplines by checking risk tolerance, time horizon and financial goals. And you keep your portfolio in good financial health.

Rebalancing is important because the different asset classes in your portfolio such as shares, bonds, cash or property, are not synchronised. Over any period, some will move more strongly than others, even within the same asset class. Within Australian shares, for example, the performance of mining shares could outstrip retail or bank shares.

### But if your portfolio is increasing in value, why does any of this matter?

The reasons may not be obvious at first, but they are important. Because asset classes tend to rise and fall in cycles, a big increase in the value of your mining shares, for example, could leave you exposed and in a loss-making position if there was a fall in mineral prices and a drop in the value of those same shares just months later. In fact, the loss could wipe out a year or more of gains. (Think about the dotcom bust of 2000, for example, or compare Telstra's current price with what it was three years ago.) The major purpose of rebalancing is to manage risk – to correct any over or under exposure to one or more asset classes. At the same time you are also sticking to the basic rules of disciplined investing, and this

in turn is likely to boost the long-term performance of your portfolio.

### Why do portfolios need regular rebalancing?

Consider the following case history. Alice invests \$100,000 in a growth-oriented portfolio made up of Australian and international shares (\$65,000), bonds (\$30,000) and cash (\$5,000). The share market has a great year, and 12 months later Alice's portfolio looks quite different: shares \$81,600, bonds \$31,150 and cash \$5,250. Her portfolio has gone up by \$18,000 and she is very happy indeed, as she should be. At the same time, Alice's portfolio is now out of balance, leaving her more exposed than she wanted to be to the share market, with less of a buffer from the bonds and cash that provide stable returns. To rebalance, she has to sell some of her shares and reinvest the money in other asset classes to again reflect the original portfolio allocations of 65 per cent in shares, 30 per cent bonds and 5 per cent cash. She can either sell off some growth stocks and re-invest the proceeds in cash, or review the entire share portfolio and weed out underperformers – in practice, usually a combination of both.

### Rebalancing for profit

The good news is that while she is bringing it back into balance, Alice's portfolio is getting stronger. She is locking in some profits when share prices have risen, and adding to her cash and bond holdings. She is putting into practice two important principles of successful investing:

1 Sell high, buy low. By selling off some of the top performers, you are taking your profit before that asset sector falls, and re-investing the profits in lower-priced asset

sectors that have potential to become top performers in the future.

2 Discipline. By investing in a disciplined, balanced way, you resist the temptation to anticipate or guess which sector will come out on top next year. Figures show that taking that approach – chasing the market – usually ends in tears.

### Positive money management

By rebalancing your portfolio you will experience fewer negative returns than if you left it alone, and when the market cycle changes you'll have more capital in higher performing asset classes to take advantage of the upswing.

If your money is invested in a multi-asset-class managed fund, your fund manager will almost certainly rebalance to stay aligned with the fund's investment objective. And if you manage your own superannuation fund or have direct shares or other investments, following a regular rebalancing cycle is a simple discipline but one you should take seriously.

However, remember that if you sell some of your shares you may bring forward tax liabilities, depending on your current and likely future tax rates.

Rebalancing may seem simple in theory, but it is good practice to seek the advice of a professional to assess the full implications – the strength and performance of your portfolio depend on it.

For further information, contact **Lisa O'Sullivan CFP®** Authorised Representative of Genesys Wealth Advisers Limited (Representative Number 239815), on 03 9769 9899.