

TRACY ANGWIN / AUSTRALIAN PAYROLL ASSOCIATION

Aussie rules

Australia may be far away, but as Martin Kornacki found out when he spoke to Australian Payroll Association founder **Tracy Angwin**, Aussie payroll has more in common with the UK than you might think, especially when it comes to empowering the profession



Founded in 2010 by Tracy Angwin, the Australian Payroll Association (APA) is roughly Australia's equivalent of the Chartered Institute of Payroll Professionals (CIPP), although unlike the CIPP it's not the only payroll association in its country. Nevertheless, it distinguishes itself from its competition by taking an uncompromising approach to the future of the profession. As Angwin – who's worked in payroll for 20 years – tells me during our Skype conversation, the APA is not interested in working with payroll professionals who have a “victim mentality”.

Rather, APA wants to work with those payrollers that are actively striving to raise the profile of their departments. In this sense, the APA's goal of moving payroll up the company hierarchy is strikingly similar to the goal of many of the UK's payroll professionals. With auto-enrolment and RTI, UK payroll has had, in many cases, to step out of the backroom and become more visible within its organisation. So what can we learn from our Australian counterparts, and what are their particular payroll challenges?

MK: Under your leadership, what is the Australian Payroll Association's mission?

TA: Our number one mission is to get people who leave school to get into payroll as a career path, because it's not just a back office function anymore. We're encouraging employers to look at the skills that payroll professionals have, and look at payroll as more of an asset in the business.

MK: How can you achieve that?

TA: I personally have just written a book about leveraging the value of payroll in an organisation that challenges the myth that payroll is just 'pressing a button'. As an association we've also done the very first payroll benchmarking study in Australia.

Last week we had an email from a client who'd used the study not only to get a 12.5% pay increase but also to identify efficiency gains and cost savings in the payroll department. It's extraordinary how she's being treated now by her company. She's being

Selected CV

- › **2008 - current**
Managing Director
Australian Payroll Association
- › **2004 - 2008**
Sales and Marketing Manager
NorthgateArinso
- › **1996 - 2004**
National Manager
Sage Micropay

treated differently because she's been more proactive and added tangible value. Some payrollers have a victim mentality because they think: "No one loves us, no one pats us on the back, no one thanks us and blah blah blah..." Historically that's how payroll has been represented by organisations that support the payroll function. And we're saying: forget the victim mentality, pull your socks up and justify your value. What we're finding is that people who work with us are the real professionals. The old-fashioned kind of paymasters and paymistresses that just process payments, we don't tend to work with them because they don't get it, nor do they want to get it. On the other hand it's quite extraordinary the things that can be achieved by highly professional organisations that value payroll as a function. We want to work with them.

MK: Is there a formal payroll qualification in Australia?

TA: We've developed the only nationally recognised payroll qualification in Australia that's a part of the Australian Qualifications Framework. There's no other way anyone can be qualified in payroll in a way that's accredited by the government unless they complete our qualification. We only launched it in January of this year, so it's quite a new thing.

MK: Auto-enrolment is a big issue for payroll in the UK. In Australia you have a similar, but compulsory system. How's that developing?

TA: We're also reforming our superannuation (pension) system. We're taking what was a 9% employer contribution to 12% over the next five years, and also reforming how payments are paid to pension funds and reported to our tax office. There is new legislation introduced that means you can only make these payments electronically, and there's a particular format you have to pay them in.

MK: There are payrollers in the UK who know the Australian system, and say the fact it's compulsory makes it simpler. Is it?

TA: We have quarterly thresholds and contribution limits, but because it's compulsory it applies to almost everyone. The only issue is with what employee payments attract superannuation contributions (pension deductions) and what payments don't.

MK: What's the Australian compliance landscape like?

TA: The latest superannuation reforms will mean there will be checks and balances on the tax office side. They'll know when things have gone wrong and they'll financially penalise companies for having incorrect data. Already in Australia the penalties are very large. You get extremely highly penalised if you pay superannuation late or incorrectly. There are a range of penalties depending on whether it's a clerical oversight or whether an instruction to make payment from the Australian Taxation Office has been ignored.

Penalties can range from interest charges to 100% or more of the original liability. It's pretty steep, but the Fair Work Act is even more heavy-handed. It says that if you don't pay your employees correctly based on the national employment standards and the appropriate awards, the fine is up to \$51,000 (£30,000) per breach for the company, and \$10,200 (£6,000) per individual – and that's per breach. So if you've got 10 employees and you pay them all incorrectly, well, the fines can be in the hundred thousands. Often fines are round about the same as the underpayments. So if you have an organisation that underpaid a group of employees \$200,000 (£118,000), they'd expect to get a fine that's similar in value.

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MK: What do you think are the main differences between UK and Australian payroll?

TA: Australian payroll is infinitely more complex even considering your pension reforms. A major difference is that we have eight states and territories plus a federal government. So some things are governed federally and some things are governed by the state, which certainly makes things more complex.

Just on annual leave (holidays), for example, the way it's calculated is very different from the UK. Here annual leave rolls over from year to year, so you accrue it based on hours worked. People could have weeks and months of annual leave accrued, and it can be a problem if a business has been poorly managing those accruals as they sit on its balance sheet.

Annual leave is governed by federal government legislation called the Fair Work Act, and then by state rules on long service leave. So among the states and territories there are eight different ways of calculating long service leave – it's broadly the same across states, but it becomes more complicated if people stay working for the same company but in different states, for example. Then on top of that it becomes more complicated if you've had parental leave in that time or if you've gone from part-time to full-time work, and so on. So it can quickly become hugely complex.

There are also a lot of issues when someone actually finishes employment. In terms of redundancy there are about 50 different things that you need to know to actually make a redundancy payment, and that can include things like: how long the employee has been employed and when they started, but also different elements of the termination payment can all be potentially taxed at different rates.

This can depend on things such as the age of the employee at the end of the financial year that the payment is made. Accrued leave appears again as there are different taxation rules if the leave was accrued before 1993 or before 1983. Also, on top of that, there are different rules for workers who are aged between 55 and 65.

MK: Do you think this additional complexity is reflected in salaries for Australian payroll professionals?

TA: Salaries are high in Australia anyway, but in payroll it is particularly so. The average national payroll manager is getting about \$130,000 (£76,000) a year in a company of over 1,000 employees. Through our recruitment arm we just placed a project role for a fast-moving consumer goods company with 6,000 employees for \$280,000 (£165,000). Entry level payroll clerks are getting \$65,000 (£38,000). Getting that kind of money means payroll professionals really need to justify it. They need to add value to the business.

MK: What's the association's focus for the future?

TA: We're going to focus on payroll adding value to businesses and developing payroll qualifications in Australia because most people outside payroll still don't realise it's a specialist set of skills. My dream is to see ads in the paper that say payroll managers must have one of our qualifications, and assist employers take payroll from a business cost to an operational asset. ♦

