

Employees in PNG are provided minimum employment conditions by the Employment Act which provides for basic leave entitlements, stand-by and call-out rates, overtime rates, rest periods, hours of work etc.

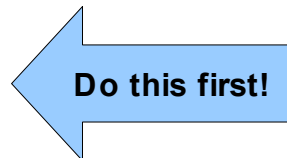
This guide covers some of these issues in the PNG edition of SmoothPay Payroll, and is intended as a general guide on how to proceed in each of the identified situations. It is not a substitute for correct legal advice.

If in any doubt regarding your legal obligations, you should consult a Labour Officer or your legal adviser.

*SmoothPay is designed to permanently record your pay input entries for subsequent retrieval and reporting. If used correctly, it will provide you with all the requirements for leave recording and reporting, overtime, allowances history, leave accruals etc.*

### Choosing PNG Rules

Choose *Company Setup..Options*.  
Set the Country to **PNG** then Save.



### Piece-rate and casual Contracts

Piece-rate employees are defined as "Casual" in the employee record, and the leave entitlements can be set to zero unless otherwise agreed.

Pay input will be via the *F6 Allowances/Piecework* section of the Pay Input screen, using allowance codes to represent each type of piece-work, the units of work and the rate applicable to each unit.

### Overtime

SmoothPay provides for overtime via *F5 Time & Earnings* (with a default multiplier of 1.5, which can be changed to 1 if required for work on public holidays), as well as double-time.

### Stand-by Duty

This would be paid as an allowance (*F6 Allowances/Piecework*)

### Call-out Duty

Overtime (*F5 Time & Earnings*) is paid for any call-out, and where it exceeds 3 hours then an additional Call-out allowance is payable (*F6 Allowances/Piecework*)

### Time in Lieu

The facility to record time in lieu for working on Good Friday and Christmas day is provided, however as the employee is entitled to take the lieu day within 7 days it may be sufficient to simply pay out the day in the next pay period.

If you choose to record time in lieu as it is earned and taken, then:

- Use Overtime/Penal to record the time worked, and put 1 day in the public days worked field (this adds 1 days to Lieu available when the pay is completed)
- When the lieu day is taken, record the entry as Time in Lieu, 1 day. The day will be deducted from the employee's lieu balance.

### **Recreation Leave (Annual or Holiday leave)**

The minimum prescribed entitlement is 14 consecutive days off after each year of service (except casual and piece-rate workers).

Therefore, each employee's annual leave should be established as Annual Days with the annual accrual set as required. Any balance owed from their previous annual accruals should be set in the field Leave remaining from last anniversary.

If you choose a different method (e.g. Percentage each pay, or annual weeks, or annual hours), then a rate producing a similar result should be used, however for clarity, the method prescribed by the Act should be used.

### **Termination Recreation Leave entitlement**

Where an employee has completed at least 6 months service they are entitled to a Recreation Leave payment equivalent to 1 day's pay for each completed month of service, or the amount of leave remaining that has accrued to date. This information is available on the employee's Holiday Setup screen.

SmoothPay's Final Pay Assistant will automatically calculate the final pro-rated accrual for you, however it can be adjusted if required. It has the additional benefit flagging the employee as terminated after completion of the pay.

### **Sick Leave**

The minimum prescribed entitlement is 6 days per year (except casual and piece-rate workers). Sick leave is not generally payable if the employee has served less than 6 months.

Therefore, each employee's sick leave should be established as Annual Days with the annual accrual set as required. Any balance owed from their previous annual accruals should be set in the field Leave remaining from last anniversary.

You may set the maximum accrual to 18 (or more as prescribed by the Act), and SmoothPay will automatically maintain the balance at, or below, this level.

If you choose a different method of accrual (e.g. Percentage each pay or annual hours), then a rate producing a similar result should be used, however for clarity, the method prescribed by the Act should be used.

### **Long Service leave**

SmoothPay provides for a Special Leave classification with accruals annually (days or hours), or by percentage each pay.

An example might be 3.5 pays per year of service - this is best set up as 0.01346 per pay period (a percentage each pay) or whatever produces an equivalent result.

## Leave balances on payslips

For each type of leave you have the choice of:

- Do not show - this suppresses the display of leave balances on payslips - recommended where you have yet to establish the correct opening balances in SmoothPay
- Balance remaining from last anniversary - this is always the safest method for annual, sick and special (long service etc.) leave, as accruals are legislated to occur after each 12 months of service, and this shows the balance remaining from previous annual accruals
- Balance to date - this has the effect of showing an "estimated" balance of leave available based on the amount of leave remaining from the employee's last anniversary, plus a pro-rated accrual based on the number of days since the last anniversary. The only problem with this is that it may give the employee a false impression as to their entitlements (e.g., where service is less than 6 months) however, in general it provides the employee with the assurance that leave entitlements are actually accruing in their favour.

## Payslips

SmoothPay provides for printing of individual payslips (in a variety of styles) from each employee's Pay Input screen, or in bulk from Standard Reports. Another option available is email payslips (another SmoothPay module - contact the HelpDesk or consult the documentation on the CD and website for more information).

These disclose all the required information to the employee.

## Leave Records

A series of reports is available from SmoothPay which, when combined, provide full details of leave taken, leave accruals and employee information:

- Employee detail printout, shows all required employee details including next of kin
- Individual leave reports show details of leave accruals, adjustments, leave taken
- Summary and detail reports are also provided that show leave balances remaining from anniversary, estimated accruals to date etc.

Leave comments may also be edited to provide a complete history/reason for leave and adjustments.

## Bank Accounts and Direct Credit files (KunduPei)

SmoothPay provides support for direct credit files to be produced in KundPei (Bank South Pacific) format, and for bank accounts to be entered and formatted as follows:

*BSB-ACCOUNT (e.g. 088303-6204856)*

Where 088303 is the BSB part, and 6204856 is the account.

SmoothPay also provides for account types (if required, e.g. 001 or 006 etc)

This data is then used when generating the KuduPei direct credit file.

**The Company bank account** is entered in the Company Setup..Bank screen, eg:

The screenshot shows a software window titled "Company and Payroll options Setup" with a blue header. Below the header are several tabs: "General", "Bank" (which is selected and highlighted with a dashed border), "Payslips", "Options", "KiwiSaver/Timesheets", and "Holidays A". The "Bank" tab contains the following fields and settings:

- Generate Direct Credit file
- Banking system: KunduPei (dropdown menu)
- Code: PBC (text box)
- Bank Account #: 088294-137067 (text box)
- Type: 6 (text box)
- User #: 198 (text box)
- Company Bank statement entries: Particulars: PAYROLL (text box)
- Direct Credit output file: C:\KUNDU1.ABA (text box)

In this example, the BSB number is 088294, the account is 137067 and the account type is 006.

Note also that the Bank Code (PBC), and User Number are also required to generate a correct direct credit file. The file must be named Kundu1.aba, though it can be located on any writable drive or folder. We suggest the file should be created in the KUNDUPEI folder, as in:

C:\KUNDUPEI\KUNDU1.ABA

The file MUST be in the KunduPei folder to ensure the *Transfer* process can find it.

**KunduPei Diskette:** To ensure the bank can process your KunduPei diskette, start KunduPei, choose *Transfer* to import the Kundu1.aba file into the required password-protected archive on the KunduPei diskette.

**Employee bank account/s** can be entered and created in the *Pay Input..F8 (Net Pay)* screen. They may also be edited, or marked as Inactive in *Payroll Codes..Bank Accounts*.

There is no limit to the number of bank accounts an employee may have, and each account can be set as an amount per pay, a percentage of pay, balance of net pay etc, providing full flexibility.

Permanent bank account entries should be saved as part of the employee's Standard Pay (to avoid having to re-select them each pay period).

## Superannuation

SmoothPay provides for automatic calculation of the employee's contribution, as well as the Employer's contribution (if set up according to the separate SmoothPay "*PNG Superannuation Guide*")

In summary:

- a *Group Scheme* is required to be created for each superannuation scheme available (and it must be marked as a superannuation scheme so that Super Reporting produces the right results). See *Payroll Codes..Group Schemes*
- A deduction code that calculates the EMPLOYER contribution for each superannuation scheme is required - linked to the appropriate Group Scheme as created above. The method of calculation should be Earnings x Rate, and may be Fine-tuned to select exactly which earnings qualify. **These must also be flagged as being Employer Calculations** (they have no effect on the employee's pay advice or amount, but are used to identify the employee's superannuation scheme, reference etc. See *Payroll Codes..Deductions*
- A deduction code that calculates the EMPLOYEE contribution for each superannuation scheme is required - linked to the appropriate Group Scheme as created above. The method of calculation should be Earnings x Rate, and may be Fine-tuned to select exactly which earnings qualify. **These must NOT be flagged as being Employer Calculations** (these are deducted from the employee's pay after tax). See *Payroll Codes..Deductions*
- **HANDY TIP:** An option to clone employee pay entries and settings when creating new employees is available - saving a lot of time setting up superannuation schemes etc. This option is available in *Company Setup..Options*.

*If you have any suggestions for improving this guide, please let us know.*

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