



Ordinary time earnings and super guarantee - examples

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Ordinary time earnings and super guarantee - examples

You must use ordinary time earnings (OTE) to calculate the minimum super guarantee contributions for your eligible employees.

OTE is generally what your employees earn for their ordinary hours of work. It includes things like commissions, shift loadings and allowances, but not overtime payments.

For an explanation of OTE and the types of payment that are (and aren't) included, see [Super for employers – How much to pay](#).

The following examples show how OTE applies in specific circumstances:

- [Example 1: Agreement prevailing over award](#)
- [Example 2: No ordinary hours of work stipulated](#)
- [Example 3: Piece-rates where no ordinary hours stipulated](#)
- [Example 4: Expense allowance expected to be fully expended](#)
- [Example 5: Reimbursement](#)

Example 1: Agreement prevailing over award

Ennio is employed under a collective agreement that incorporates terms from an award. To the extent of any inconsistency between the agreement and the award, the agreement prevails.

The award provides that the ordinary hours of work are an average of 38 hours per week and gives an employer the right to require an employee to work reasonable overtime.

However, the agreement provides for a shift roster that requires employees to work an average of 44 hours per week and identifies on the roster the ordinary hours of work as 40 hours (all paid at a particular hourly rate) and the overtime hours as four hours (to attract a penalty rate of pay in addition to the ordinary hourly rate).

Salary or wages

The payment for Ennio's 44 hours of work is a reward for services provided as an employee of the company and is therefore 'salary or wages'.

OTE

As the agreement requires Ennio to work an average of 40 'ordinary' hours per week, these are his 'ordinary hours of work'. Therefore, the payment to Ennio for 40 hours of work is 'earnings in respect of ordinary hours of work' and is OTE.

The payment for the additional four hours of rostered overtime is not 'earnings in respect of ordinary hours of work' and is therefore not included in OTE.

Example 2: No ordinary hours of work stipulated

Kim is employed under a contract requiring her to work a minimum number of hours per week in a call centre. By agreement between her and her employer, she may work additional shifts when mutually convenient. She often does so, though there is no clear and consistent pattern to this.

There is no award or agreement governing Kim's employment that specifies her ordinary hours of work, nor do the extra shifts worked attract any overtime penalties or other higher payments.

Salary or wages

All wage payments made to Kim are a reward for services she provides as an employee and are therefore 'salary or wages'.

OTE

As there are no stipulated ordinary hours of work, and no readily discernible pattern of customary, regular, normal or usual hours, all of Kim's hours actually worked are her ordinary hours of work. Therefore, all of her wages are OTE.

Example 3: Piece-rates where no ordinary hours stipulated

Evan works as a fruit picker for Green Apples Ltd. Evan is paid 15 cents for every kilogram of apples that he picks. There are no ordinary hours specified in any award or agreement. Evan picks 5,000 kilograms of apples in his working hours in the week and so is paid \$750 by Green Apples Ltd.

Salary or wages

The payment made to Evan is a reward for services he provides as an employee

and is therefore 'salary or wages'.

OTE

As Evan's ordinary hours of work are not specified in any award or agreement, his ordinary hours of work are the hours that he actually works. Therefore the \$750 payment Evan receives is an entitlement accrued as a result of providing services during his ordinary hours of work. The payment received by Evan is therefore 'earnings in respect of ordinary hours of work' and is OTE.

Example 4: Expense allowance expected to be fully expended

Matteo is an employee of JJ Investment Pty Ltd. In addition to his usual salary, Matteo is paid \$300 per month to cover expenses he is expected to incur while visiting clients. The expenses Matteo incurs are for travel to client sites, maintenance of a mobile phone and internet access to remotely connect to the office. The allowance is a predetermined amount calculated to cover the estimated expense with the expectation that it will be fully expended in the course of the employee providing the services to the employer.

Salary or wages

As the allowance is not a reward for the services which he is providing as an employee of the company, the payment is not considered to be 'salary or wages'.

OTE

A payment cannot be OTE unless it is 'salary or wages'. As Matteo's allowance is not 'salary or wages', it is not OTE.

Example 5: Reimbursement

Fernando travels by train on behalf of his employer and pays for the train ticket for the trip. On his return he provides receipts to his employer totalling \$14.50 for the cost of the train ticket. The employer pays Fernando exactly \$14.50 to cover the receipts.

Salary or wages

The payment that Fernando receives from his employer is not a reward for his services. Rather, the payment is an exact reimbursement of an expense which he has incurred in the course of his duties. The payment is not 'salary or wages'.

OTE

As the payment received is not salary or wages, it is not earnings for the purposes of the definition of OTE and is therefore not OTE.

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