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A PAYROLL PROGRAM FOR LOGGING CONTRACTORS

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INTRODUCTION

This Technical Release describes a computer payroll program which calculates each employee's pay packet.

If the contractor himself prepares the wages, he is likely to be doing so after a hard day's work in the bush. Even though he may feel confident with numbers, if working in a weary state and on numerous calculations, it is likely that he will make mistakes. With the Inland Revenue Department increasing the responsibilities of employers as tax collectors (for instance, with the new Family Support package), determination of the wages and tax is becoming more complicated. It is not surprising that many logging contractors opt for systems that avoid bookkeeping effort. These may include :

- payment at a daily rate. Instead of keeping worker hours, only the days worked are recorded. If the daily rate works out at more than the Award, then disputes are unlikely.

- giving all wage preparation requirements to the Accountant's office to handle.

Both of these alternatives may involve extra cost. It should also be noted that under the terms of the Bushworkers' Act (1945), the contractor is legally obliged to keep a wages book showing; the names of all employees, the hours that they have worked, and their rate of pay. The most recent Amendment to this Act was to strengthen its provisions, requiring that the records be held for six years (in case later inspection is required). If such basic records are already being kept, then computerisation of the payroll process is straightforward.

There are many aspects of employing people in the forest that are not taken care of in the so-called "off-the-shelf" payroll programs. When Sam Webb, of S & M Webb Logging Limited, described to me his particular problems, I decided to take a new look at his business and develop a system to suit. It was anticipated a week of after hours homework would be required. It is now a year later but a well tested and very useful program is the result.

THE PROGRAM

The payroll program performs the following functions :

Calculation of Pay

For each employee in the gang a record is maintained which contains; the employee's name, his current pay rate, his IRD number and a code number within the payroll. When it becomes time to prepare the pay, the employee's code number and daily hours of work and travel time are keyed into the computer. It will then quickly calculate his pay whether this be for weekly, fortnightly, monthly or final wages. The system of payment can be an hourly, salary or contract system. No reference to P.A.Y.E. tables is necessary.

Allowances

The program will calculate individual allowances, separating taxable from non-taxable and showing these as separate items on the payslip. It is a simple matter to change rates or add new allowances.

Pay Slips

A sample pay slip is illustrated in Figure 1. The program produces individual pay slips for each gang member showing the current pay and the more important year-to-date totals.

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====================<<< JOE CONTRACTOR LOGGING>>>==============

EMPLOYEE 1      JOHN FILER                          TAX # 17 887 280

                CROSSCUTTER                          PAYDATE 28/08/86

================================================================
                              -EARNINGS-

HOURS      O/TIME    D/TIME    TRAV/TIME  EQUIV.   PAYRATE    AMOUNT
36.25       1.25      2.00        6.25     48.37     8.79     425.21

BONUS PAYMENT                                                  50.00

PAYMENT OF HOLIDAY PAY                                        342.51
                                                              -------
                                          GROSS TAXABLE       817.72

NON TAXABLE ALLOWANCES
                        WET/GEAR     5 @  0.62                  3.10
                        CHAINSAW     5 @ 12.50                 62.50
                      TEA/SUGAR      5 @  0.35                  1.75
                  FAMILY SUPPORT                               20.00
                                                              -------
                                                               83.75

DEDUCTIONS                              ORDINARY TAX          141.42
                                  TAX ON HOLIDAY PAY           98.81
                                          UNION FEE             1.75
                                     LAST ROUNDING              0.66
                                                             --------
                                                              242.64

                                        NET PAY               662.43
                                        PLUS ROUNDING    0.57
                                        CASH PAYOUT           663.00

================================================================
                          <<< YEAR TO DATE >>>

TIME       TAXABLE     NON TAXABLE      GROSS       TAX        NET
861.25     8258.11       1319.37       9577.48    2389.54    7187.94

================================================================
$20 = 33        $10 = 0        $5 = 0        $2 = 1        $1 = 1
```

Figure 1 - A Sample Pay Slip

If the employee is to be paid with cash, the pay slip also shows the breakdown of the note denominations. This assists not only the person putting the pay into the envelope, but also the employee should he wish to check his pay. Rather than requiring the inclusion of coins to make up the cash amount, the program rounds up the pay to the nearest whole dollar. Correction for the rounding is completed in the next pay.

Banking

The program calculates and prints a banking slip to take to the bank. This shows the total funds to be withdrawn along with an overall summary of note denominations required.

Holiday Pay

The program maintains a running record of the holiday pay which is due to each member

	H/PAY	HOURS	O/TIME	D/TIME	W/DAY	TONNAGE	SICK	HOLLS	BONUSES	TX/ALLOW	TAXABLE	ALLOWANCE	GROSS/PAY	TAX	NET PAY
08/01/87	0.00	54.50	0.00	0.00	5	0.00	0.00	0.00	0.00	0.00	463.25	40.53	503.78	111.19	392.59
14/01/87	0.00	25.50	0.00	0.00	5	0.00	0.00	0.00	0.00	0.00	216.75	40.53	257.28	37.10	220.18
22/01/87	0.00	34.00	0.00	0.00	5	0.00	0.00	0.00	0.00	0.00	289.00	54.04	343.04	58.99	284.05
28/01/87	88.47	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00	0.00	88.47	0.00	88.47	15.64	72.83
TOTALS	88.47	104.00	0.00	0.00	15	0.00	0.00	0.00	0.00	0.00	1057.47	135.10	1192.57	222.92	969.65
YEAR TO DATE											17671.08		20102.88	3869.77	16233.11

Figure 2 - Printout of all Payments and Deductions made for One Employee for One Month

of the gang. It therefore has the capacity to pay out some or all of the holiday pay to any individual at any time, deducting the appropriate tax automatically. A printout of any or all employee's holiday pay status can be produced at any time on request.

Absentees

A record is kept of payments made to an employee while he is absent from work. The program records whether the absence is due to sickness, holiday or accident, with individual running totals for each. An updated status report is available if required.

Advances

Individual account is kept of any advances made to an employee. Repayments can be automatically deducted from the pay if this has been agreed between the employer and employee. The amount deducted can be easily changed if a new arrangement is made.

Union Fees

The program will deduct Union Fees and produces a report on request.

P.A.Y.E.

Each month or at any time as instructed, the program will provide a printout of all payments and deductions made to selected or all individuals. Example output for one employee for one month is shown in Figure 2. This is in a form which can be submitted directly to the Inland Revenue Department along with the P.A.Y.E. cheque for the month. The program has been adapted to handle the Family Care tax credits.

Updating Functions and Variables Within the Program

It is easy to update important variables within the program. These may include such things as; tax rates, the level of allowances, or rate of pay.

RUNNING THE PROGRAM

The program can currently be run on IBM compatible machines. It is simple to operate, requiring no prior experience with computers and no programming knowledge. All data is entered in response to questions displayed on the screen. Progress through the program is guided by menus, two examples of which are illustrated in Figure 3.

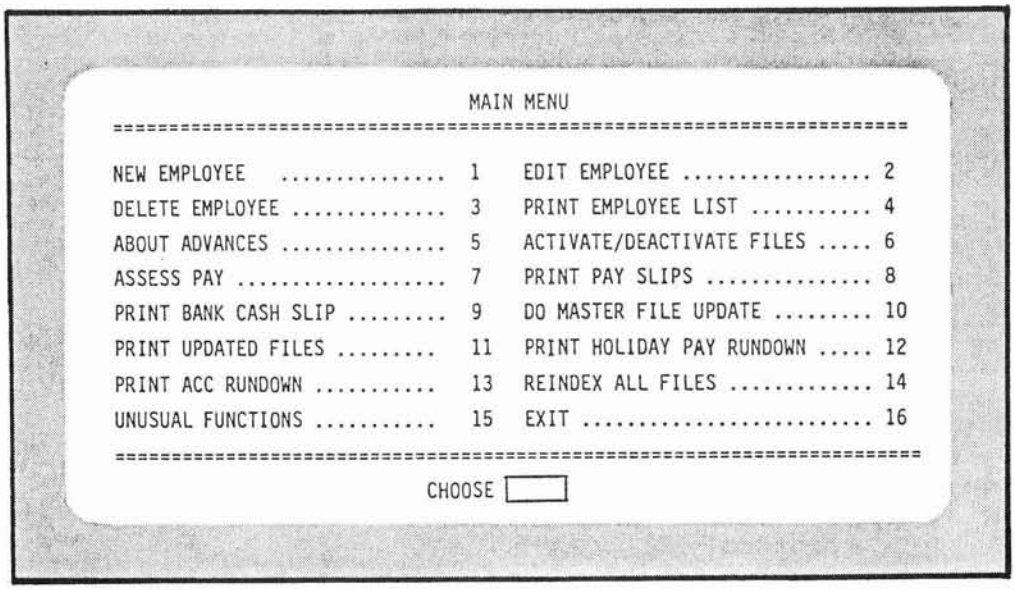
Only brief input information is required for running the program. This makes it feasible to use the system through a telephone link to the computer operator. For most contractors who have not purchased a computer, and are not really sure that they want to, this may offer an appealing solution. The contractor needs to establish an arrangement with an associate or commercial business bureau who have an appropriate computer or printer. Two days before pay day, the contractor telephones the computer operator giving the work hours and other required information. The program is run immediately and the appropriate slips are sent by mail or courier so that they are received ready for assembling the wages by pay day.

The program can be used for any other type of employment and is quite adaptable. It appears that logging contractors have left no stone unturned when it comes to departures from normal payroll procedure. Therefore, a complex and yet versatile program is necessary.

AVAILABILITY OF THE PROGRAM

Demonstration disks are freely available for copying to allow the program to be tested in a working situation. However, an automatic time block will make it unworkable after a certain date, after which a customised version will be available for sale.

Those interested in a demonstration of the program, should contact LIRA or the author (P.O. Box 7057, Tauranga).



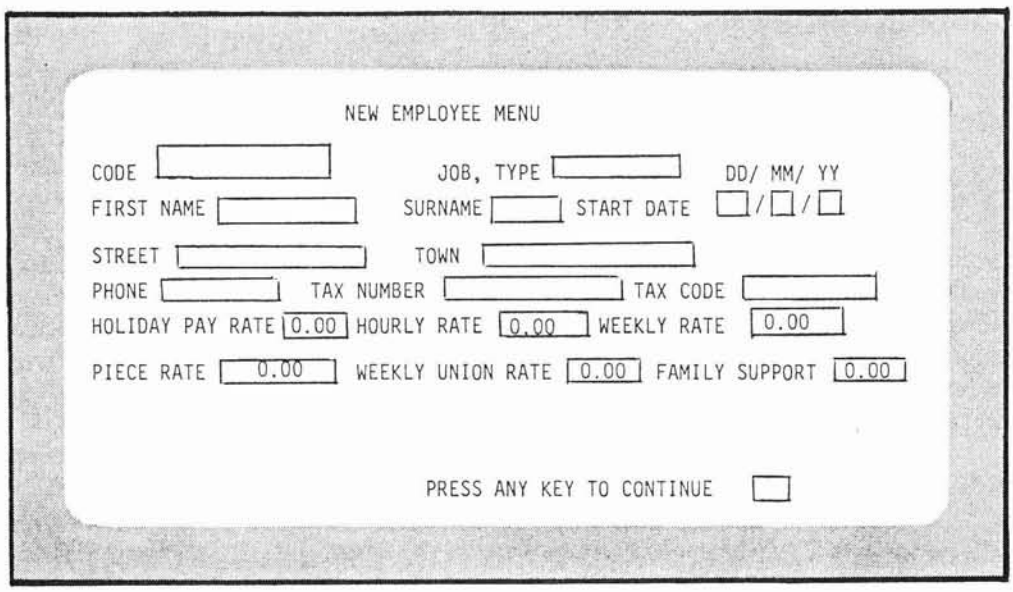


Figure 3 - Example Menus

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