



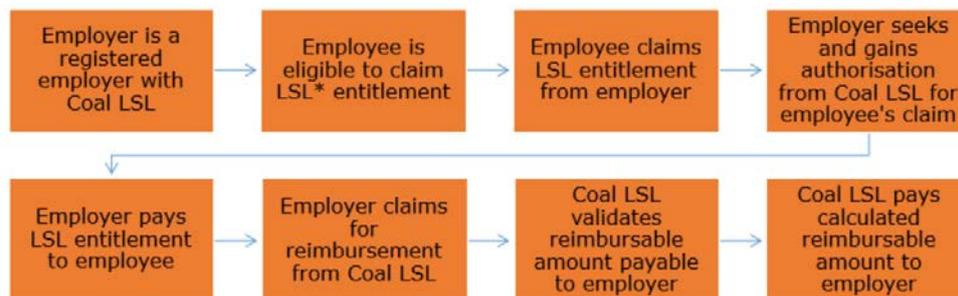
GUIDANCE NOTE

CALCULATION OF REIMBURSABLE AMOUNTS TO EMPLOYERS

PURPOSE

This Guidance Note is provided by the Coal Mining Industry (Long Service Leave Funding) Corporation ("Coal LSL") to assist employers to understand the way Coal LSL calculates the reimbursement of long service leave (LSL) payments made by employers to employees.

THE REIMBURSEMENT PROCESS



*where 'LSL' is referred to within this guidance, it means the long service leave entitlement referred to in the Coal Mining Industry (Long Service Leave) Administration Act 1992

How does Coal LSL calculate a reimbursable amount?

From 1 July 2017, the *Employer Reimbursement Rules 2017* ("the 2017 Rules") will revoke and replace the earlier *Employer Reimbursement Rules 2011* ("the 2011 Rules"). Rule 9 of the 2017 Rules outlines the formula for calculation of the reimbursable amount:

$$LSL \text{ paid} \times \text{eligible wages amount per hour}$$

For the purposes of this formula:

LSL paid means the hours (including any part of an hour) of LSL entitlement paid to an eligible employee, not exceeding the hours of LSL entitlement recorded by Coal LSL with respect to that employee, immediately prior to the date of payment by the employer and not including any hours for which a reimbursement payment has already been paid (whether the payment was made to the employer claiming the reimbursement or an earlier employer of the employee)

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eligible wages amount per hour means the amount per hour of the employee's eligible wages either:

- if the employee is employed by the employer at the time the LSL payment is made - immediately before he or she was paid for, or commenced to take, the LSL; or
- if the employee is not employed by the employer at the time the LSL payment is made - immediately before he or she left their employment with the employer.

Important note: An employer claiming for reimbursement from Coal LSL will not be reimbursed any amount exceeding the amount which was paid by the employer to the employee for the employee's LSL entitlement.

Differences between the LSL entitlement paid to the employee and the reimbursable amount paid by Coal LSL:

The 2017 Rules use a single calculation method for determining the reimbursable amount and do not calculate pre-2012 and post-2012 entitlement claims separately.

The reimbursement calculation is based generally on the amount paid by the employer to the employee for the authorised LSL and the eligible wages of the employee (see guidance note on "determining eligible wages").

There may be a discrepancy between the amount of LSL paid by the employer and the amount which can be reimbursed by Coal LSL, as an employer may pay an employee for more LSL than the entitlement recorded by Coal LSL for that employee. This may occur due to the following scenarios:

- some of the employee's service which the employer recognises as counting towards a LSL entitlement was not service as an "eligible employee" under the Coal Mining Industry (Long Service Leave) Administration Act 1992 ("Administration Act");
- the employer has paid for an amount of LSL for the employee that has already been reimbursed by Coal LSL; or
- the employer has agreed with an individual employee, or through an enterprise agreement, to pay for LSL at a rate per hour that is greater than the employee's actual eligible wages amount per hour.

If there is doubt or uncertainty about the amount an employer is to be reimbursed, Coal LSL is able, under section 49 of the Administration Act, to make a determination in relation to the claim for reimbursement.

CLAIMING FOR REIMBURSEMENT UNDER THE 2017 RULES

As noted above, the 2017 Rules will come into force on 1 July 2017 and will be applicable from that date. The method for calculation of the reimbursement amount is based on the date Coal LSL receives the claim for reimbursement rather than the dates LSL was taken or paid by the employer. For example:

Which rule applies?

Employee was on LSL for the period 1 May 2017 - 1 June 2017 and Coal LSL receives claim for reimbursement from employer on 30 June 2017:

The 2011 Rules will apply as the claim was received prior to 1 July 2017.

Employee is on LSL for the period 1 May 2017 - 1 June 2017 and Coal LSL receives claim for reimbursement from employer on 30 July 2017:

The 2017 Rules will apply as the claim was received after 1 July 2017.

Employee is on LSL for the period 30 May 2017 - 1 August 2017 and Coal LSL receives claim for reimbursement from employer on 30 August 2017:

The 2017 Rules will apply.