

Australian Capital Territory

Long Service Leave (Portable Schemes) Interest Rate Guidelines 2020

Disallowable instrument DI2020–217

made under the

Long Service Leave (Portable Schemes) Act 2009 – s53 (Interest rate)

1 Name of instrument

This instrument is the *Long Service Leave (Portable Schemes) Interest Rate Guidelines 2020*.

2 Commencement

This instrument commences on the day after notification.

3 Interest rate guidelines 2020

I make the Interest Rate Guidelines 2020 as provided in the Schedule.

Suzanne Orr MLA
Minister for Employment and Workplace Safety
20/07/20

Schedule
(see s3)

Interest Rate Guidelines 2020

Long Service Leave (Portable Schemes) Act 2009

The Interest Rate Guidelines 2020 (the Guidelines) are made by the Minister for Employment and Workplace Safety in accordance with section 53 (2) of the *Long Service Leave (Portable Schemes) Act 2009* (the Act).

BACKGROUND

The Act established portable long service leave schemes for covered industries. To fund these schemes, levies are paid by registered employers under the Act in the covered industries.

If an employer for a covered industry fails to pay the Long Service Leave Authority (the Authority) the levy payable in relation to a return for a quarter, the employer is liable to pay to the Authority interest on the amount of the levy unpaid under section 52 of the Act.

The interest is to be charged daily from the end of the due day of the quarterly return until the day the outstanding levy payment is made.

The Registrar of the Authority can waive all or part of the interest as allowed in section 52 (3) of the Act, if the Registrar is satisfied that the circumstances for the failure to pay were not caused by the employer or if charging the component would be unfair or unreasonable.

INTEREST RATE GUIDELINE

- (1) The following methodology is to be applied in determining the interest rate on unpaid levies:
 - (a) the interest rate (**annual interest rate**) is the sum of the discount rate component and the premium rate component, under section 53 (1) of the Act;
 - (b) the Long Service Leave Authority Governing Board will set the discount rate component the same as the Authority's long-term investment return rate which reflects the cost of monies unpaid by non-compliant employers; and
 - (c) the Long Service Leave Authority Governing Board will set the premium rate component to reflect the Authority's administration costs for processing and collecting the unpaid levies owed by non-compliant employers.
- (2) The formula used to calculate the accrued interest will be:

$$\text{Accrued interest} = \frac{(\text{annual interest rate})}{365} \times (\text{days}) \times (\text{balance of unpaid levies})$$

Annual interest rate is the interest rate determined by the Board in accordance with this Guideline.

Accrued interest is the interest payable on unpaid levies by an employer.