QTON No. 88

Legislative Assembly for the Australian Capital Territory

Select Committee on Estimates 2026–2027

Inquiry into Appropriation Bill 2026–2027 and Appropriation (Office of the Legislative Assembly) Bill 2026–2027

Answer to question taken on notice

Asked by: Mr Thomas Emerson MLA

Addressed to: Long Service Leave Authority

In relation to: Levy rate – actuarial calculations

Hearing: 27 July 2026
Uncorrected Proof Transcript pp 123-124
Transcript provided: 29 July 2026
Answer Due: 5 August 2026

Ms Agrizko took on notice the following question:

MR EMERSON: Yes, okay. Are you able to provide any information regarding the assumptions embedded within the actuarial calculations, or are they in a black box somewhere that we cannot access?

Ms Webeck: They are not in a black box. It is just whether they are digestible. Do you have a response?

Ms Agrizko: So the actuarial reports that are provided to us by our engaged actuary, if you require any particular assumptions, we are happy to take it on notice and provide them.

MR EMERSON: Yes, if there are, you know, assumed uptake in the services industry scheme, I think that would be very helpful to know.

Ms Agrizko: The ...(indistinct)... [4.58.08] they actually provided it on notice last year. That would not have changed since then, but we can do it again if you want.

MR EMERSON: Yes, okay. All right. And anything else, like, any other plain English information that would be helpful to the committee, that would be great.

Elena Agrizko: The answer to the Member's question is as follows:

ACT Leave is responsible for ensuring each portable long service leave scheme remains financially sustainable and able to meet future liabilities. To support this, ACT Leave maintains an assets over liabilities ratio target of at least 110% for each scheme and reviews levy rates based on actuarial advice.

An actuarial review was undertaken in June 2024 to determine an appropriate levy rate for the Services Industry Scheme. At the time it was assumed the industries of food and accommodation and hairdressing and beauty services (the entering industries) would enter the Services Industry Scheme on the date of its' commencement, which was 1 April 2025. The levy rate was set at 1.07 per cent, which is the lowest levy rate across ACT Leave's portable long service leave schemes. The upcoming triennial review, expected to be completed in December 2026, will reevaluate whether this levy rate is still appropriate in relation to the new commencement date of 1 January 2027 for entering industries, and the phased discount for food and beverage employers.

As there was limited historical data available for the industries entering the new Scheme, the actuarial modelling used experience from the Contract Cleaning Industry Scheme as the basis for setting the initial levy rate and applied adjusted information for the entering industries where such information was available from the data published by the Australian Bureau of Statistics (ABS) or other sources. This was particularly in relation to assumptions made on average weekly wages, in service wage increase, expense rates, leaving the industry (exit) rates and participation rates as described below.

It was expected that the entering industries workers would commence accruing service on 1 April 2025 with the first quarterly returns due by 31 July 2025, and the liability for the new entrants would be taken up by ACT Leave in the 2025-26 financial year.

The following assumptions were made about the parameters that informed the value of the liability for the entering industries:

- Number of active workers – 29,000
- Average weekly wages - $576
- Credited service (backdated to 1 April 2025 at 70% employment) – 0.76 weeks

Key financial assumptions

Key financial assumptions adopted for the entering industries were as follows:

Wage inflation

- Baseline: 2023-24 – 3.50%p.a.

  2024-25 – 3.00%p.a.

  2025-26 onwards – 2.50%p.a.

- Increase in future wages based on a service-based wage progression scale over and above inflation: 1.0% p.a. – given limited experiential data was available for the entering industries, a standard promotional salary increase assumption was adopted.

Discount rate

- 6.0% p.a. – the discount rate used to estimate the present value of long service leave provisions is the expected return on assets based on the long-term return rate of ACT Leave's investments.

Earning rate

- 6.0% p.a. – ACT Leave's projected long-term return on investments.

Expense rate

- 0.175% p.a. – the entering industries' share of ACT Leave's operating expenses as a percentage of reported wages. This assumption was 0.35% p.a. for the Contract Cleaning industry, the lower rate was adopted for the entering industries, which is consistent with larger schemes.

Key demographic assumptions

Key demographic assumptions adopted for the entering industries were as follows:

Leaving the industry (exit) rates

Service credit years	Exit Rate	
	Contract Cleaning	Entering Industries
0	0%	6%
1	0%	6%
2	0%	6%
3	0%	6%
4	0%	6%
5	4%	6%
6	5%	6%
7+	6%	6%

Note that "service credit years" does not represent the number of calendar years a worker was employed in the industry, but the time worked that contributed to accruing a benefit. For example, a worker who works less than full time will take longer than 7 calendar years to accrue 7 service credit years. In addition, once a worker accrues 7 service credit years and claims a benefit for these 7 years, their number of service credit years returns to zero.

Given that experience-based exit rate data was not available for the entering industries, the Services Industry Scheme's leaving service assumption was developed on ACT Leave's understanding that the entering industries generally experience a relatively high turnover rate. ACT Leave's appointed actuaries adopted the Contract Cleaning Industry Scheme's long-term leaving service rate of 6% p.a. for all service years, which is a higher turnover rate than indicated for Contract Cleaning workers for the first 6 years of service and equivalent to Contract Cleaning workers after 7 years.

In service benefit rate

The rates at which workers with different periods of service might take their benefit vary as follows:

Service credit years	In service benefit rate	
	Contract Cleaning	Entering Industries
0	0%	0%
1	0%	0%
2	0%	0%
3	0%	0%
4	0%	0%
5	0%	0%

6	0%	0%
7	4%	4%
8+	7%	7%

Participation rate

- 70% - calculated from the ABS data at February 2024 which details the full/part time hours and headcount for Accommodation and Food Services workers in Australia. Participation rate for Contract Cleaning workers was 87% based on actual industry experience.

Return to active rate

- It was also assumed that 0% of registered workers who do not have any service credits in the previous year will re-commence receiving service credits.

Approved for circulation to the Select Committee on Estimates

Signature:  Date: 04/08/2026

By the Chief Executive Officer and Registrar, ACT Leave, Cassandra Webeck