

Overview

The purpose of this fact sheet is to introduce employers and workers to the basic concepts related to calculating overtime and shift allowance, and how it relates to the calculation of a worker's pre-injury average weekly earnings (PIAWE).

The scheme agent is responsible for the calculation of a worker's PIAWE. This fact sheet provides the employer and/or worker with instruction about the type and detail of information that will need to be supplied to a scheme agent as soon as possible to ensure that the worker's PIAWE is calculated correctly.

Importance of overtime and / or shift allowance in calculating PIAWE:

The *Workers Compensation Act 1987 (The Act)* allows provision for a worker's overtime or shift allowance payments, expressed as a weekly amount, to be included in the calculation of PIAWE in the first 52 weeks for which weekly payments are payable.

What is an overtime payment?

Overtime can be defined as payment to a worker for work performed in excess of normal hours earnings. Where payment is determined to be related to overtime, any payments paid to the worker within the relevant period may be considered in the calculation of PIAWE.

What is a shift allowance payment?

Shift allowances can be defined as payments made to a worker for working outside commonly accepted business hours. Where an allowance is determined to be a shift allowance any payments paid to the worker in the relevant period may be considered in the calculation of PIAWE.

Some allowances are paid to workers who don't perform shift work. Not all of these allowances are included in the PIAWE calculation. If a worker performs work outside of commonly accepted business hours, then they may be paid a shift allowance.

Why aren't all allowances paid to the worker considered shift allowance payments?

An allowance can either form an inherent component of the base rate of pay or is excluded from the base rate of pay as "a loading", "monetary allowance" or a "shift allowance".

The scheme agent will review the provisions of the worker's Enterprise Bargaining Agreement (EBA), Fair Work Instrument (FWI) Award or Contract of Employment in order to determine which of the above situations may be the case.

When are overtime or shift allowance payments included in the PIAWE calculation?

Overtime and shift allowance payments can be included for the first 52 weeks that a worker is entitled to weekly compensation payments. PIAWE is calculated using an average weekly amount for each of the following;

- Ordinary earnings,
- Overtime, and
- Shift allowance.

To correctly include overtime and shift allowance in PIAWE, for the first 52 weeks, scheme agents need to confirm with the employer that the worker, but for the injury would have been likely, **at any time** during that 52 week period after the injury date, to have worked paid overtime or carried out work that attracted a shift allowance. The worker must also have worked shift and /or overtime during the relevant period.

In other words, shift and overtime amounts are included in the calculation during the first 52 weeks, even if, after the worker is injured, their colleagues in the workplace no longer have access to overtime or shift allowance amounts, hence the emphasis here "at any time". These conditions must be met to allow scheme agents to include overtime and shift allowance in PIAWE for the first 52 weeks that weekly payments are payable following the workers date of injury.

For the first 52 weeks



After the first 52 weeks



To calculate the shift and overtime component of PIAWE, the following formula is used:

A/B = average weekly amount

A = total paid / payable for paid overtime and shift allowance in respect of the relevant period

B = the number of weeks the worker worked or was on paid annual leave.

What does the employer need to provide to the scheme agent?

The following information is required to enable the scheme agent to determine if overtime or shift allowance payments can be included in the calculation of PIAWE:

- The week(s) and associated overtime and shift allowance payments made within the relevant period,
- Specific dates of leave, and types of leave, including start and end dates during the relevant period,

- Advice about whether, but for the injury, at any time during the 52 week period after the workers date of injury the worker would have worked paid overtime or performed work that would have attracted a shift allowance,
- The applicable Fair Work Instrument (FWI) Award, Enterprise Bargaining Agreement (EBA), or Contract of Employment that relates to the worker.

Can a PIAWE decision be disputed?

Ensuring that accurate information is provided early will enable PIAWE to be determined correctly and efficiently.

Scheme agents will provide written confirmation of the PIAWE determined for a worker. This is a work capacity decision and will include the process for a worker to request a review of the PIAWE decision if they disagree with the outcome.

Only a worker can request a review of a work capacity decision. If an employer has questions about the PIAWE decision they should discuss these with the scheme agent.

Other useful information

The “Calculating pre-injury average weekly earnings” form details the information that is required to assist the scheme agent to correctly calculate the worker’s PIAWE. Please complete the “Calculating pre-injury average weekly earnings” form and submit to the relevant scheme agent managing the claim.

In addition to this fact sheet you can refer to the following fact sheets to assist in the completion of the “Calculating pre-injury average weekly earnings” form:

- “PIAWE – Relevant Period” fact sheet
- “PIAWE – Concurrent Employment” fact sheet
- “PIAWE – Leave” fact sheet
- “PIAWE – Indexation” fact sheet
- “PIAWE – Ordinary Earnings” fact sheet

Further assistance

Further assistance can be provided by contacting the scheme agent.