

Long service leave non-compliance

What businesses need to know about the risks

In Australia, long service leave (LSL) is a cherished entitlement for employees, rewarding long-term loyalty with extended paid leave. However, the complexities surrounding LSL regulations have led to costly errors for companies, some resulting in hefty fines and damaged reputations. Given recent charges filed by Wage Inspectorate Victoria in the Magistrates' Court against a well-known retail giant for allegedly underpaying over \$1 million in LSL entitlements, the urgency to get your obligations right has never been higher.



Why is LSL so complex?

Lack of national legislation	One of the foremost complexities of LSL is the absence of a uniform national law. All states and territories have their own laws governing how LSL is calculated and administered. This can be especially challenging for companies operating across multiple states. Employers not only need to understand the legislation in each jurisdiction, but also be aware of common law precedents which may impact how the laws are applied.
Varied industry-based schemes	Even within the same state, different industries may have unique LSL schemes, leading to further complications. Companies must know the specific conditions applying to their industry.
Severe penalties for non-compliance	Companies need to be cautious. In Queensland and Victoria, underpayment of LSL entitlements may in some circumstances be deemed 'wage theft' and a criminal offence under state-based laws. The financial repercussions of getting the entitlements wrong are significant and fines can range from thousands to millions of dollars.
Reputational damage	It's not just about the money – your brand's integrity is at stake. A high-profile wage theft case can inflict long-lasting damage on your company's reputation, affecting both customer loyalty and employee morale.

Mitigating risks with WTW Pay Comply

With more businesses facing scrutiny over payroll compliance, getting it right has never been more critical or complex. The laws are multifaceted, penalties are steep, and the risks to your brand are significant. Companies should conduct comprehensive audits and ongoing compliance checks to protect against wage theft claims and manage prosecution risk. This could very well be the difference between business as usual and a hefty fine, coupled with a damaged reputation.

Don't become another cautionary tale. Secure your company's integrity and brand value by ensuring you're on the right side of LSL compliance. If you're unsure where to start, we can help.

Expert risk mitigation

- Due diligence with WTW Pay Comply is the best way to demonstrate compliance and defend against claims of wage theft.
- We help identify and correct any issues related to LSL entitlements before they escalate into legal troubles and financial losses.

Industry-specific knowledge

- Expert understanding of modern awards, enterprise agreements, and state and industry-specific regulations is crucial for ensuring compliance.
- With WTW Pay Comply, you can navigate the complex waters of LSL confidently, avoiding potential pitfalls.

Financial accuracy

- Given the complexity of LSL calculations—accounting for elements like part-time work, overtime, sales incentives, and more—accuracy is paramount. Single errors can cascade into significant underpayments or overpayments over time.
- WTW Pay Comply helps companies avoid errors which could result in underpayments or overpayments, and provides an external review for peace of mind.

Resource savings

- The intricacies of payroll auditing and calculations can drain your company's internal resources and become a burdensome process.
- Outsourcing this crucial task to WTW Pay Comply frees your team to focus on your core business functions.

WTW Pay Comply Service

WTW's integrated superannuation and benefits, data analytics and employee relations expertise will help your organisation deal with wage complexity and drive sustained compliance.

[Learn more](#)

For more information, please contact:

Andrea Piaia

Superannuation and Benefits expert
+61 411 195 608
andrea.piaia@wtwco.com

Melodi James

Employee Relations Services expert
+61 450 236 692
melodi.james@wtwco.com

Hadas Danziger

Data Analytics expert
+61 3 9655 5140
hadas.danziger@wtwco.com

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Working shoulder to shoulder with you, we uncover opportunities for sustainable success—and provide perspective that moves you.

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