

DESPS ADVISORY NOTICE 01/2007

ESP CLAIMS

CALCULATING ESP FOR CLAIMS SPANNING TWO FINANCIAL YEARS

DESPS Advisory Notices provide advice or more detailed explanations concerning aspects of the ADF Reserves Employer Support Payments (ESP) Scheme.

ADVICE

For periods of service that commenced on or after 01 Sep 05, the new AWOTE rate will apply to service from 01 Jul of each year. When a week spans the financial year, payment for that week will be calculated on a proportional basis using both AWOTE rates.

Calculations

If a claimant is in receipt of ESP for service which commenced on or after 01 Sep 05, then the AWOTE rate will change on 01 Jul of each year. When a week spans the financial year, payment for that week will need to be calculated on a proportional basis. A formula to calculate the entitlement in these circumstances is shown below. Payment must be calculated separately for the days in that week that are in Year 1 and the days that are in Year 2.

Formula $\frac{A}{C} \times B = \text{Payment entitlement (for appropriate part of the week)}$

Where

- A = Number of days served (in either year 1 or year 2, as appropriate) in this week*
- B = AWOTE rate (for appropriate year)*
- C = Number of days in that week (this may be 5, 6 or 7 days depending on the length of the Defence service)*

Example: A member who has completed the qualifying period undertakes service from 13 Jun to 09 Jul 06.

The period from 13 to 26 Jun 06 (2 weeks) should be paid at:

2 x FY 2005/06 AWOTE

2 x \$991.20

= \$1,982.40

The period from 27 to 30 Jun 06 (4 days) should be paid at:

$\frac{4}{7}$ x FY 2005/06 AWOTE

$\frac{4}{7}$ x \$991.20

= \$566.39

The period from 01 to 03 Jul 06 (3 days) should be paid at:

$\frac{3}{7}$ x FY 2006/07 AWOTE

$\frac{3}{7}$ x \$1,035.90

= \$443.95

The period from 04 to 09 Jul 06 (6 days) should be paid at:

1 x FY 2006/07 AWOTE

1 x \$1,035.90

= \$1,035.90

Entitlement:

2 week ESP (FY 2005/06 rate)	\$1,982.40
$\frac{4}{7}$ week ESP (FY 2005/06 rate)	\$566.39
$\frac{3}{7}$ week ESP (FY 2006/07 rate)	\$443.95
1 week ESP (FY 2006/07 rate)	<u>\$1,035.90</u>
Total Entitlement 13 Jun – 09 Jul 06	\$4,028.64

Further queries

If Delegates or clerks have any queries about this topic (or about any aspect of the ESP Scheme), they are encouraged to ring the ESP Help Line on 1800 001 696.

If claimants have any queries about this topic (or about any aspect of the ESP Scheme), they are encouraged to ring the Defence Reserves Support Help Line on 1800 803 485.

Doug Stedman

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Director ESP Scheme

12 January 2007