Community Legal Centres Queensland

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SACS Portable Long Service Leave Consultation
Office of Industrial Relations – IR Policy
GPO Box 69
BRISBANE QLD 4001

By email only: SACSPLSL@oir.qld.gov.au

Dear Consultation Panel

Social and Community Services Sector Portable Long Service Leave
Response to Consultation Regulatory Impact Statement

Community Legal Centres Queensland is pleased to provide this submission to the Office of Industrial Relations on behalf of our members to further inform its investigation for the introduction of a portable long service leave scheme (**PLSL**) for the social and community services sector (**SACS**) in Queensland.

Community Legal Centres Queensland has previously provided in-principle support for the introduction of a PLSL scheme, which aims to provide workers in the SACS sector with access to long service leave (**LSL**) benefits by recognising their service across the sector, rather than service limited to a single employer. We reiterate our strong support for a PLSL scheme.

We support the **attached** Position Statement, developed in partnership with other community sector peak organisations (the **Peaks Position Statement**), which addresses the five Focus Questions in your Consultation Regulatory Impact Statement (**RIS**). The Peaks Position Statement also sets out key additional comments and questions, which we share. This letter provides further context about our community legal centre members and what a PLSL scheme would mean for them.

Who are we?

Community Legal Centres Queensland is the peak body for Queensland's 34 independent, values-based community legal centres (**CLCs**), and we work with those centres towards a fair and just Queensland.

We help community legal centres so they can provide effective, high quality services to their communities. We help the network of community legal centres keep informed, united and relevant. We help disadvantaged and vulnerable people in the community to understand their legal and human rights, access legal help, and be heard and respected.

Characteristics of Queensland's community legal centres

There are approximately 480 workers across the 34 community legal centres (**CLCs**) in Queensland , ranging in size from small centres with one or two employees, right up to our larger member centres, who may have up to 50-100 employees.

The type of work engaged in by the CLCs in Queensland generally requires workers to have some form of tertiary qualification, for example, a law degree or social work degree. CLC workers are generally paid at or slightly above Award rates, which still represents a substantial reduction in rates of pay for comparable work in other industries.

The majority of State and Federal funding provided to the community legal sector under the National Partnership Agreement on Legal Assistance Services (the **NPA**) remains tied to short term contracts, supplemented by grant and project funding awarded through competitive tender processes.

Shifts in government priorities can affect funding programs, which makes planning beyond the financial year or funding agreement difficult for many of our members, leaving CLCs with little option other than to offer short term employment contracts to ensure organisational sustainability.

CLC employees therefore find themselves moving between CLCs and other legal and SACS employers such as legal aid and private law firms. They lose access to any LSL accrued to date, and are paid out their remaining annual leave entitlements. This means they are unable to access a break for long periods, as they need to build accruals of leave with the new employer over time.

Our workforce is overwhelmingly women, and in the 2016 National CLC Census, centres identified that close to 50% of their staff are employed on either a part-time or casual basis.

CLCs prioritise services to highly vulnerable and disadvantaged groups under the NPA, including people experiencing family and domestic violence, children and young people, older people experiencing elder abuse, people with a disability or mental health issues, people experiencing or at risk of homelessness, people from Aboriginal and Torres Strait Islander communities, people from rural and remote areas, people in custody and prisoners, people with low education levels, single parents, people experiencing financial disadvantage, and people from culturally and linguistically diverse backgrounds. These people frequently experience multiple legal and social issues, high stress, crisis and trauma.

Our frontline CLC workers are susceptible to, and experience, high rates of stress, burnout, and compassion fatigue. This has a substantial negative impact on the health and wellbeing of CLC workers themselves, often leading to their requiring time away from work temporarily or more long term (either through access to personal or sick leave), or leaving the sector altogether.

Currently, to try and stem staff turnover issues and attract new employees, our CLC members (all of whom have obtained deductible gift recipient status) utilise non-cash based incentives such as salary sacrificing to offset the low wages.

Through enterprise agreements and policy, some CLCs have recognised that reducing the point at which an employee can access LSL from 10 years to 7 years, and in some cases, 5 years, provides further incentive for an employee to remain with the employer, rather than seeking out higher wages elsewhere, helping to ensure their longevity in the sector and avoid burnout.

The majority of CLCs in Queensland have made some provision for future employee entitlements, including LSL. While there will need to be some adjustment to the way these LSL entitlements are being treated by our members, we feel confident that the levy and administrative costs (pending actuarial assessments and calculations) will be reasonable and achievable for most CLCs. However, some modelling and costing should be undertaken to ensure no adverse implications, including for funding of community services, as set out in the Peaks Position Statement.

Benefits for Queensland's community legal centres

In 2017, The Services Union asked CLC workers to comment on the benefits they would experience if a PLSL scheme was introduced for the SACS sector. Staff from our member organisations provided many positives for employers, employees and the sector more widely, some of which are outlined below.

CLC sector and employers:

- *[My organisation] could attract and retain staff over longer periods of time, because they could depart for periods without losing these entitlements. Knowledge and experience of former staff is more likely to be available again, as they could return to previous employment. The reality of funding insecurity would be offset by flexibility for workers in carrying these entitlements with*

them [thereby] attracting higher calibre candidates to the sector. Experience, skills and knowledge could move around the sector, enhancing outcomes [for clients] – Principal Solicitor

- *There would be some positives, such as the opportunity for new or existing staff to try new roles. The sector would attract and retain better staff. Staff would be more likely to take leave and return than resign (if required for any reason) and possibly leave the sector when weighing up new job options* – Solicitor
- *It would increase the sector's profile to employees in other sectors making it a more viable place to work. Quality services being retained and it would demonstrate that an employees' worth / contribution to society is the same as in other sectors* – Admin Officer
- *Less burn out, better wellbeing for staff* – Coordinator
- *Greater ability to compete with private sector for quality personnel* – Coordinator
- *Greater retention of experienced workers* – Social Worker
- *More diversity in experienced people sharing their knowledge in the sector* – Principal Solicitor
- *Fits with the values of the organisation* – Coordinator
- *Fairness and equity* – Solicitor

CLC employees:

- *It would make me more likely to stay in the sector. At present, where a change of job is required for any reason, I weigh up the pros and cons of community and private sector work. Obviously the private sector will always win that competition on the basis of remuneration. The community sector needs to offer real benefits to employees and prospective employees to attract and retain good staff* – Solicitor
- *It would provide incentive for people to stay within the sector, provide an equal playing field for employees who wish to stay in the sector but wish to also honour their family commitments* – Admin Officer
- *It would mean I could gain experience and build a career in other community legal centres around the country without fear of not being entitled to long service leave. This is also a sector which relies on funding from government and other sources. Job security is not all that high* – Solicitor
- *A huge life opportunity and affirming of my work, that it is no less valued than other work that has portable LSL* – Social Worker
- *Increased flexibility in professional development and alternative career paths. The opportunity to change workplaces to avoid burnout – a change is as good as a holiday. Less stress about lost entitlements when the end of funding periods approach* – Principal Solicitor
- *Lots: flexibility, support, security, longevity* – Solicitor
- *I would be more motivated to stay in the industry. Better conditions for hard working people* – Executive Officer
- *This would mean more than words can describe. It would help me be flexible in the progression of my career* – Solicitor
- *Security, validation for commitment, recognition* – Solicitor

The Palaszczuk Government's commitment to fund pay equity rates and introduce longer term contracts is already creating a more sustainable SACS sector. Establishing a PLSL scheme will build on this solid foundation by improving the lives of CLC employees, while also providing benefits to employers and the CLC sector, as well as government and the community.

For these reasons, Community Legal Centres Queensland supports the introduction of portable long service leave for SACS workers, including workers in our community legal centres.

Your office can contact me or Carly Hanson (Sector Development Officer) on (07) 3392 0092 to discuss this issue.

Yours sincerely

James Farrell OAM
Director
Community Legal Centres Queensland

SOCIAL AND COMMUNITY SECTOR

PORTABLE LONG SERVICE LEAVE

COMMUNITY SECTOR PEAKS RESPONSE TO CONSULTATION REGULATORY IMPACT STATEMENT

October 2018

Executive summary

A mandatory PLSL scheme in the SACS sector in Queensland is not only desirable, but necessary. The scheme should include both for-profit and not-for profit organisations.

SACS organisations find it difficult to recruit and retain staff due to short-term funding arrangements, the gender balance of the workforce and the personal toll on employees of providing caring services to the community. Overall, while we acknowledge the implementation of a PLSL scheme will require initial investment of resources, over time, these costs are outweighed by the benefits for all stakeholders.

Key benefits for employers:

- Greater staff attraction and retention, and greater staff productivity
- Reduced costs associated with recruitment
- Reduced risk associated with managing LSL entitlements and employee burnout.

Workers will receive significant benefits, including:

- Additional leave entitlements
- Recognition of the value and importance of their work
- Improved health and longevity.

Government and community will benefit through:

- Improved outcomes for the community and service users
- Better skilled workforce to provide more effective and efficient services.

We support QLeave administrating the PLSL scheme, similar to comparable models, however, further information is required to better understand how the scheme would work in practice, including:

- a detailed actuarial study to quantify the financial expectations of the scheme
- ongoing consultation with stakeholders in the SACS sector in developing the legislative scheme and implementation plan (refer to our **attached** consultation/development plan)
- appropriate transitional arrangements and timeframes
- appropriate recognition of relevant employee service, including retrospective service or credits.

Our view is that there are a number of opportunities for improvements to the scheme, such as:

- national portability across all Australian jurisdictions
- portability across all sectors and industries (similar to the administration of superannuation)
- access to LSL entitlements on a pro-rata basis after 7 years, as standard across the SACS sector
- extension of allowable time away from the sector (to 4 years), to maintain continuity of service for workers so they do not lose the benefit of the PLSL scheme (currently the IR Act allows for up to 3 months away from the employer before continuity in service is broken, although comparable schemes in Queensland allow for four years' break).

Questions to be considered in more detail

There are a number of questions we have about the PLSL scheme, which are below:

- What are the initial costs to participate in the PLSL scheme, and the real ongoing operational and administrative impacts for our organisations, particularly finance and payroll functions?
- If there are shortfalls or additional costs, will Government commit to funding these shortfalls?
- Retrospective accruals of LSL:
    - How will these costs be covered, particularly for workers with a present entitlement to LSL at the time of commencement of the scheme?
    - What period of time/service will be covered retrospectively and/or how should retrospective accruals/credits be calculated?
    - How will records be maintained, particularly historical records?
- How will the issue of continuous service and breaks from the sector under s 134 of the *Industrial Relations Act 2016* (Qld) (the IR Act) apply? We note in particular the gendered nature of the SACS workforce and potential for extended carer gaps and/or career breaks from the sector, further explained below.
- What is the definition of a 'contractor' for the purposes of this scheme? (other issues of scope/coverage may need to be considered in more detail)
- Not-for-profit SACS organisations with public benevolent institution (PBI) status are able to offer their employees fringe benefits tax (FBT) concessions that allow employees to take advantage of salary sacrifice arrangements. How will these salary sacrifice arrangements be maintained and managed in the payment of LSL entitlements? Who has responsibility for payments to workers accessing LSL entitlements, including withholding income tax, administering FBT and salary sacrifice (as noted above), as well as issuing of PAYG summaries?

Without further information, we are unable to fully comment on the proposed model, although we reiterate our in-principle support for portable long service leave for SACS workers.

Proposed consultation/development process

Process / Phase	Stakeholders	Timeframe
Submissions on RIS	Peak bodies – joint and individual Employers Unions / employee representatives Individual employees	4pm Monday 8 October (extended to Monday 15 October)
[Peaks to meet with Minister Grace, to provide in-principle support and identify challenges/issues)	Peak Bodies Minister Grace Grace	TBC [QCOSS coordinating]
OIR advises Government on: • **Desirability of scheme** • **Preferred operating model (QLeave)** • **Key benefits / Costs involved** • **Applicability to NFP and for profit organisations** • **Other considerations / questions to work through with stakeholders (Levies and funding; Retrospective service; Scope / coverage; Interaction with existing certified agreements; Other issues (?))**	OIR Minister Grace Grace	By end December 2018
Broader SACS sector consultation and education to identify implementation and operational considerations	Peak bodies Employers Unions / employee representatives	Early 2019 (and ongoing until legislation is passed)
Roundtables / workshops facilitated by OIR, leading to a decision on key issues (outlined above)	Unions / employee representatives Employers Peak bodies OIR & QLeave	Early 2019
Costings and actuarial modelling, with corresponding workshop facilitated by OIR, based on options provided in roundtables / workshops	Unions / employee representatives Employers Peak bodies OIR & QLeave	Early 2019
Further policy piece / report to Minister	Peak bodies Employers Unions / employee representatives	February 2019
Legislative development phase with opportunity to review and comment on draft legislation	OIR Peak bodies Employers Unions / employee representatives Individual employees	March / April 2019
Legislation passed	Government	May/June 2019

Pages 4-12 of this document directly respond to questions raised in the OIR's Consultation Regulatory Impact Statement

1. Do you think a PLSL scheme in the SACS sector in Queensland is desirable? Why/why not.

We believe that a PLSL scheme in the SACS sector in Queensland is not only desirable, but necessary. SACS organisations find it difficult to recruit and retain staff due to:

- **short-term funding arrangements.**
- **the gender balance of the workforce**
- **the personal costs on employees of providing caring services to the community.**

The characteristics of employment in the SACS sector are well documented and many of these are provided in Sections 2.5 and 2.6 of the RIS.

The Deloitte Report (Forecasting the future: Community Services in Queensland 2025, 2016) provides that 50.2% of workers across the SACS sector are engaged on a part-time basis, compared with 32.5% of the Queensland workforce overall. The type of work engaged in through the SACS sector generally requires workers to have some form of tertiary qualification. Workers in the sector are generally paid at Award rates, which represents a substantial reduction in rates of pay for comparable work in other industries such as health, local government or the private sector which was established in the pay equity cases run nearly ten years ago.

Whilst the Palaszczuk Government's commitment to fund pay equity rates and introduce longer term funding contracts is helping to create a more sustainable SACS sector, the majority of State and Federal funding provided to the sector remains tied to short term contracts, often as short as one year in length. This results in employers having little option other than to offer short term employment contracts to ensure organisational sustainability.

Many SACS organisations are reliant on government sponsored support, supplemented by grant and project funding awarded through competitive tender processes. Shifts in government priorities can affect funding programs, which makes planning beyond the financial year or funding agreement difficult for many organisations.

Further, outcomes based funding models driven by consumer demand are likely to exacerbate the problem of secure ongoing employment with a single employer, such as with the National Disability Insurance Scheme NDIS scheme.

Our workforce is overwhelmingly women (the Deloitte Report provides that the SACS workforce comprises of 75.4% women, compared with 47.1% in the Queensland workforce overall). Women experience a range of financial and career disadvantages, stemming from time out of the workforce to raise children, their victimisation in family and domestic violence situations, discrimination and others, leading to a reduced opportunity to accrue long service leave and superannuation entitlements, and fewer opportunities for career advancement and pay increases.

SACS employees work in environments where clients frequently experience multiple legal and social issues, high stress, crisis and trauma. Our workers are particularly susceptible to and experience high rates of stress, burnout, and compassion fatigue. This has a substantial negative impact on the health and wellbeing of SACS workers themselves, often leading to their requiring time away from work temporarily or more long term (either through access to personal or sick leave), or leaving the sector.

The Deloitte Report highlighted the long term need to deliver a wider range of services to an increasingly diverse clientele, and a shift to more market based and customer focused models.

The SACS sector increasingly prioritises services to highly vulnerable and disadvantaged groups, including people experiencing family and domestic violence, older people experiencing elder abuse, people with mental health issues and disability, people experiencing drug and alcohol addiction, people experiencing or at risk of homelessness, people from Aboriginal and Torres Strait Islander communities, people from rural and remote areas, and people from culturally and linguistically diverse backgrounds.

This is likely to lead to increased demand and increased rates of stress, burnout and compassion fatigue.

We acknowledge that due to population growth and an aging population, the SACS sector is experiencing a period of rapid growth and change, compounding the existing skills shortages due to people leaving the sector by choice or due to burnout.

In particular, Queensland participant numbers under the NDIS will grow to 91,000 by 2019, which will necessitate an increase in the workforce needed to support them. The National Disability Insurance Agency (NDIA) has projected that up to 36,000 new workers need to be found in Queensland, which is a significant number of workers to attract, let alone retain with the turnover already experienced in the sector.

These uncertain and insecure conditions negatively impact long term employment with a single employer, and force workers to move between employers to continue to provide services to vulnerable Queenslanders. This is supported by research based on ABS data which estimates that a quarter of the SACS sector had been with their current employer for less than one year, which is among the highest levels of employee mobility of any industry sector (ABS 2015-2017 Participation, Job Search and Mobility Survey & McKell Institute, 2013).

A research study conducted by Insync Surveys in September 2014 of 21 community services organisations examined retention and turnover of employees within the sector. The study highlighted that the majority of respondents (62%) experienced either medium (up to 22%) or high (up to 29%) levels of employee turnover. This high employee turnover consumes and diverts scare human and financial resources away from frontline services to recruitment and on-boarding activities associated with new workers.

Currently, to try and stem staff turnover issues and attract new employees, SACS employers often look to non-cash based incentives such as salary sacrificing to offset the low wages. Even with these incentives, a graduate social worker in a hospital or government department is paid approximately 15% more than in the SACS sector, as an example.

In addition, there is already capacity to carry service for the purpose of LSL accrual between employers in the public sector, which is further enhanced by the security of permanent ongoing employment.

As a result of these factors, it is rare for SACS employees to remain with a single employer for 10 years, although they have long-term service within the sector overall. This means that accessing LSL entitlements under the *Industrial Relations Act 1999* (Qld) can be difficult or impossible.

SACS workers are highly skilled and loyal employees, having a passion and care for the work they do, and a deep commitment to providing quality assistance to clients and communities throughout Queensland. Our workers are dedicated to this work, despite the fact that they would undoubtedly be paid more, enjoy a greater sense of employment security, and have more opportunity to achieve long service and access their leave entitlements, working in other organisations/industries. Yet they are denied access to LSL due to the nature of the sector, not because of their lack of service to it.

Establishing a PLSL scheme for the SACS sector would not be setting a precedent in this regard, and would not be breaking new ground in the industry, with the ACT having established a PLSL scheme in 2010 and Victoria passing legislation in September 2018 to establish theirs.

2. What do you see would be the key benefits of a PLSL scheme for the SACS sector?

Benefits for employers:

Key benefits for employers are:

- **Greater staff attraction and retention, and greater staff productivity**
- **Reduced costs associated with recruitment**
- **Reduced risk associated with managing LSL entitlements and employee burnout.**

Apart from the loss of expertise and service skills and organisational knowledge, staff turnover can be a major cost for employers, involving substantial advertising and recruitment, staff re-training and professional development expenses. Undertaking recruitment and on-boarding of new workers is money and time that would be better spent delivering essential services to the community.

Improved attraction and retention in the SACS sector is a key benefit for employers, which has flow on benefits for workers, government and community. Providing access to LSL entitlements sends a strong message to current and potential employees that they are valued and that employers are looking out for them. Where employers are seen as good, flexible workplaces providing a caring and supportive work environment, it follows that good people will be attracted to work with those employers, and are more inclined to remain in the sector. Conversely, reduced access to LSL may discourage individuals from pursuing a career in the SACS industry, or encourage workers to leave the sector prematurely.

Beyond the obvious reduction in recruitment and training costs, a further significant benefit from employee retention is that skills and experience are retained in the sector and the average experience of employees in the sector increases. This has flow-on benefits to the community as a whole.

The scheme will not provide a complete solution to employee retention issues, but it will certainly increase the viability of the sector by improving its capacity to attract and retain better skilled workers, and retain their knowledge and experience.

Improved productivity can reduce employers' occupational health and safety costs. Employers will benefit from cost savings related to burnout, lost productivity, the negative impact of stress on staff morale, 'presenteeism' and absenteeism and other dysfunctional behaviours, for example, through reduced need to access an employee's sick or personal leave (Cairncross & Waller, 2004).

Administrative efficiencies for employers may be gained through LSL entitlements being centrally administered. Employers would have a reduced need to review their exposure to liability for LSL entitlements, as a central funding pool and risk management framework would make financial liability more predictable and consistent. Economies of scale savings in operational costs may also follow, similar to the superannuation industry.

Additional benefits for SACS employers include the ability to:

- Provide substantial non-cash remuneration, serving to attract and retain skilled and experienced workers
- Acknowledge that the nature of the SACS sector limits employees' ability to achieve 10 years continuous service with a single employer and in turn acknowledge the continuous service given by the employee to the sector
- Have LSL accruals appropriately accounted for

- Offer parity in terms of conditions between the government (eg teachers, health) and SACS sector, where service from one employer to another is acknowledged.

Benefits for workers:

Workers will receive significant benefits, including:

- **Additional leave entitlements**
- **Recognition of the value and importance of their work**
- **Improved health and longevity.**

The greatest benefits of a PLSL scheme for the SACS sector would undeniably flow to workers, and would go some way to responding to some of the challenges inherent in working in the SACS sector, and ensure that the service employees give to the sector is recognised and valued.

Long service leave for commonwealth public sector employees dates back as far as the early 1900s in Australia with the aim of incentivising employees to remain with the employer and take leave without losing their job. From the 1940s, LSL entitlements extended into the private sector and state based legislative entitlements emerged from the 1950s. These schemes were in place well before retirement incomes policy, compulsory superannuation guarantees, social welfare and age pension schemes.

In Queensland, the contract cleaning and building and construction industries have established PLSL schemes for their workers, who experienced many of the same issues as SACS workers prior to the introduction of such schemes. However, the inability to access long service leave (LSL) entitlements has remained an issue in the SACS sector for many years, with high staff turnover a key workforce challenge sector.

In Queensland, LSL entitlements for employees are determined by s 95 of the IR Act as paraphrased below:

After 10 years' continual service, an employee is entitled to long service leave of 8.6667 weeks on full pay, with a safe job guarantee upon your return. After a further 5 years' continual service, an employee is entitled to a further 4.3333 weeks.

An employee who has completed at least 7 years continuous service is entitled to a proportionate payment for long service leave on termination of employment.

An employee who is entitled to long service leave other than under this Act is entitled to leave that is at least as favourable as the entitlement under this section.

This entitlement allows for breaks in service in certain circumstances.

Through enterprise bargaining agreements (EBAs) and policy, some SACS employers have recognised that reducing the point at which an employee can access LSL from 10 years to 7 years, and in some cases, 5 years, provides further incentive for an employee to remain with the employer, rather than seeking out higher wages elsewhere, helping to ensure their longevity in the sector and avoid burnout.

For example, in a survey conducted by The Services Union in 2017, fewer than 20% of a sample of 1021 SACS respondents worked under an EBA, and of those only 55% confirmed a pro-rata entitlement of access to LSL after 7 years' employment. For many employees, these reductions are moot as they are still unable to access these entitlements due to loss of funding or program changes outside of the employer's control.

Employees in the SACS sector often find themselves moving between employers and sectors, being paid out their annual leave entitlements and not having a break for long periods, as they need to build accruals of leave with the new employer over time.

The payout of annual leave entitlements coupled with no access to LSL can see employees being denied a much-needed break from the stresses of the SACS sector. There is much research to suggest that taking a break from work leads to healthier and more productive employees. Community sector work is hard work, and it's important to take time out to rest and rejuvenate.

In the 2017 SACS survey (referred to above):

- 39% of respondents confirmed they had taken a break from the workplace for reasons other than to have a child
- 55% of these respondents identified that the break taken was unpaid
- The top two reasons provided fell into the categories of health reasons and self-care
- Prevention of burnout was the most repeated reason provided by respondents as to why a PLSL was needed.

SACS workers will benefit from improved wellbeing as a result of addressing the effects of long term stress by taking an extended period of leave if a PLSL scheme is introduced. Access to LSL adds longevity to an employee's productive life by allowing them to return to employment refreshed and revived, and to continue working productively.

Other identified benefits of a PLSL scheme include:

- A more sustainable career path for workers
- Enhanced protection of employee entitlements in the event of employer insolvency
- The encouragement of personal and professional development through staff movement between organisations within the SACS sector, without the personal disadvantage associated with loss of LSL entitlement accruals
- Peace of mind to know that service is accruing even if workers move from one organisation to another within the sector, largely due to circumstances outside of their control
- Access a career break to complete further education and training, which may serve to improve their career prospects
- The ability to take an extended holiday, travel overseas, and spend more time with family
- Address health issues requiring rest or long periods of recovery while also retaining their employment.

We also see a great benefit for workers accessing entitlements to existing LSL accruals, where service is recognised prior to the introduction of the scheme. Although as indicated above, further information and consultation will be required in order to determine how retrospective LSL should be accounted for.

Benefits for government and community:

Government and community will benefit through:

- **Improved outcomes for the community and service users**
- **Better skilled workforce to provide more effective and efficient services.**

The PLSL scheme will provide benefits to government by encouraging improved productivity, better, more efficient and effective SACS services funded by government, and improved outcomes for the community who are receiving services from SACS sector, resulting in less reliance on other government run or funded services. An increasingly capable, skilled workforce would provide higher quality and more effective services and impact positively on service users and the wider community.

For the vulnerable and disadvantaged people in our community who seek help via the SACS sector, staff turnover means having to re-tell difficult and traumatic stories to a new worker, as well as re-establishing trust and confidence.

The handover (or lack thereof) from an outgoing staff member may result in that client slipping through the cracks or failing to re-engage with the service, which could have longer term impacts on government as that client's unresolved problems worsen over time.

If a PLSL scheme is not introduced, the community would continue to bear the burden of unmet demand, which can cause price competition among users for access to the limited services available.

Given the vulnerable community segment relying on access to these services, the taxpayer may carry a heavier burden to meet the sector's delivery costs through government subsidy. The introduction of a PLSL scheme may alleviate this pressure by making employment in the SACS sector more attractive.

3. What costs do you see would be involved in a PLSL scheme for the SACS sector?

Overall, while we acknowledge the implementation of a PLSL scheme will require initial investment of resources, over time, these costs are outweighed by the benefits for all stakeholders.

Costs for employers:

While the RIS provides for the payment of levy as a percentage of ordinary wages, estimated to be between 1.5% and 2% at the outset, there is potential for the level to be reduced once the scheme is established, and to become self-sufficient over time, as has been the result with similar PLSL schemes.

Some employers may cite that additional administrative costs and resources will be required to accurately track and monitor LSL entitlements and records, however, this is not new, as employers have existing LSL accrual liabilities and record keeping obligations. The Deloitte Report estimates that an additional 5-10 minutes per quarter would be needed to administer a PLSL scheme, or an additional cost of approximately $1.80-$3.65 per employee per quarter. We believe these costs are reasonable and achievable for the majority of SACS employers.

Given the small numbers of employees currently accessing their LSL entitlements, LSL allocations may not be made for or realised by many employees. Employers may benefit from employees leaving the organisation before accessing LSL entitlements, which allows employers to reallocate funds set aside for this purpose. However, for employers who are setting aside funds for employee entitlements, this will not result in any additional cost, and in fact, may reduce costs for many employers.

Employers will need to accommodate employees' pay increases and advancement over time, which will result in increased payroll tax and fringe benefits tax payable on contributions to the PLSL scheme. It is also expected that a larger proportion of SACS workers would qualify for LSL over time. However, our view is that these costs are far outweighed by the financial and other benefits outlined above.

Costs for workers:

While we have not identified any direct costs for workers associated with the introduction of a PLSL scheme, there may be potential indirect costs for workers in not-for-profit organisations with FBT and salary sacrifice arrangements in place.

Our view is that any FBT and salary sacrifice arrangements will need to be carried through while workers access their LSL entitlements. There is potential for this to be an issue where the scheme is administered externally, either through QLeave or an independent body, rather than through the employer. Again, further consideration and consultation will be required in order to ensure employees are not disadvantaged. It may be instructive to look at federal paid maternity leave schemes.

Costs for government and community:

As noted in the RIS, the government, if involved in the establishment and operation of the PLSL scheme, may become responsible for the allocation of appropriate resources and carry the actuarial risk associated with the scheme through QLeave. Start-up costs will largely depend on the operating model adapted. As QLeave is an existing statutory authority engaging in administration of PLSL schemes for other industries, ongoing costs should be minimal as the infrastructure is already in place, and costs can be offset against returns on investment of the levy pool.

4. Should a PLSL scheme be introduced for the SACS sector extend to both for-profit and not-for-profit organisations?

We believe the scheme should include both for-profit and not-for profit organisations.

The issues of short-term contracts, employee retention and inability to access LSL exist for employees of both not-for-profit organisations and for-profit organisations. Movement of employees is not quarantined to not-for-profits; it is experienced by for-profits as well. Employees move between not-for-profit and for-profit organisations, and excluding for-profits from the scheme would hinder the accrual of LSL entitlements for workers.

It would not be reasonable or sustainable to have one set of employers operating within the SACS sector, yet not participating in a PLSL scheme. Requiring all SACS employers to participate in a proposed PLSL scheme will also assist to strengthen the pool of resources and ensure workers are not disadvantaged.

As such, the introduction of a PLSL scheme should extend coverage to both for-profit and not-for-profit organisations in the SACS sector.

5. If a PLSL scheme were to be introduced, what would be the most appropriate operating model?

Should the scheme be similar to that operating in Queensland's contract cleaning industry (under the Contract Cleaning (Portable Long Service Leave) Act 2005)?

Should it be administered by QLeave or an alternative administering authority?

We support QLeave administrating the PLSL scheme, similar to the Contract Cleaning model, however, further information is required.

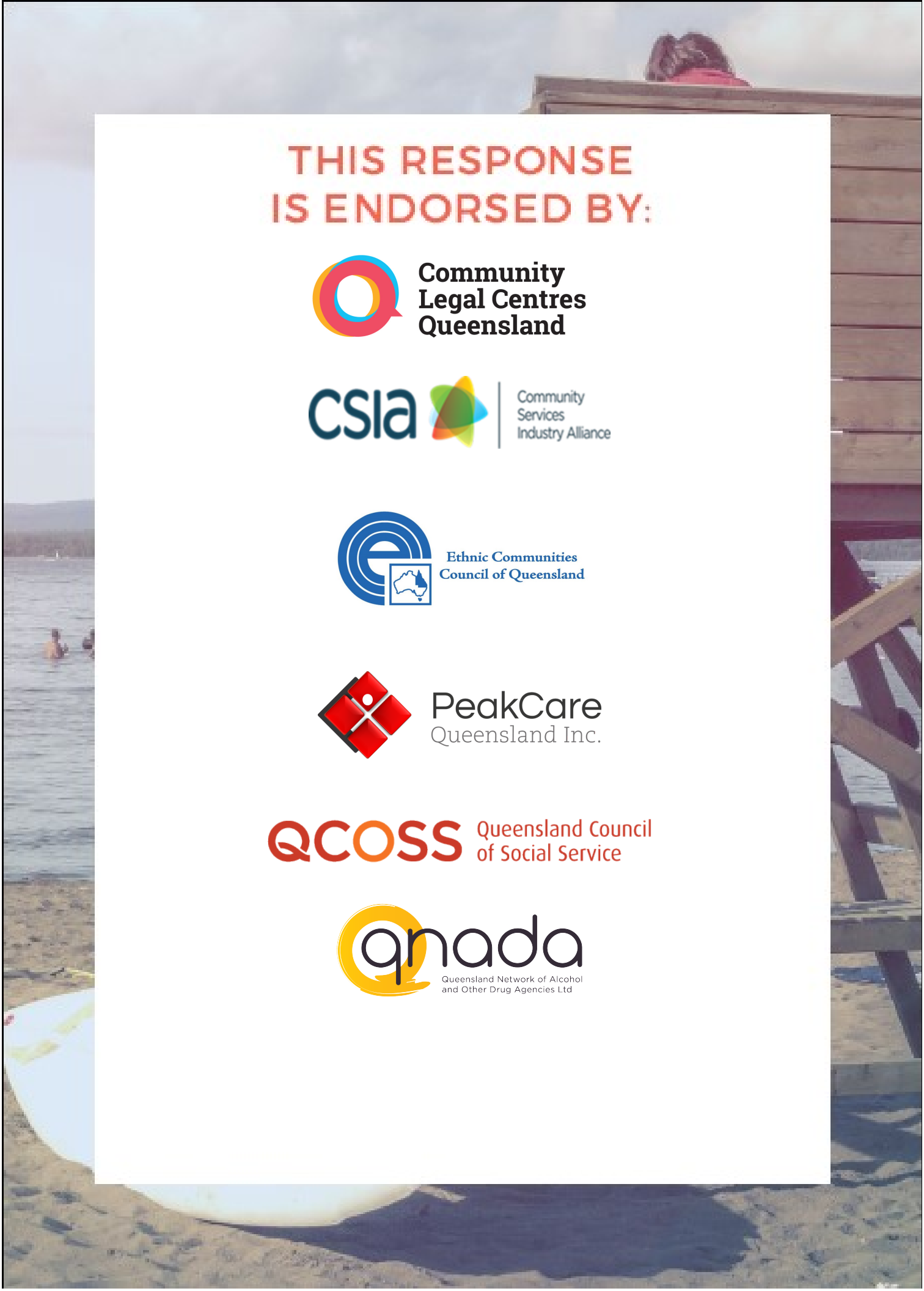
The RIS provides three options for administration of a PLSL scheme in the SACS sector. We are supportive of Option 3: mandating a PLSL scheme through legislation, in order to achieve the desired objective.

We acknowledge the proposed benefits of utilising QLeave, which have been documented in the RIS and can be summarised as follows:

- QLeave is likely to involve reduced start-up costs and be easier to implement using QLeave's online system, helping to reduce an employer's administrative burden
- The scheme is likely to be more cost effective and efficient to run via QLeave's established processes, infrastructure, experience and expertise than with the establishment of a new stand-alone authority
- QLeave is well placed to seek high returns on investment of the levy pool to offset administrative costs of the PLSL scheme
- QLeave should provide workers with a higher level of customer engagement and service delivery, and potentially be more recognisable as an established PLSL body by employers and employees.

The Contract Cleaning Industry PLSL scheme in Queensland appears to be the most similar to the proposed scheme for the SACS sector, and is administered by QLeave. Interstate, the PLSL scheme for the ACT and Victorian SACS sectors may also provide good models on which the Queensland scheme could be based.

However, further information and consultation is needed in order to understand QLeave's governance and operational structures, and how QLeave would administer the scheme in practice.



THIS RESPONSE IS ENDORSED BY:

Community Legal Centres Queensland

CSIA Community Services Industry Alliance

Ethnic Communities Council of Queensland

PeakCare Queensland Inc.

QCOSS Queensland Council of Social Service

qnada Queensland Network of Alcohol and Other Drug Agencies Ltd