



8 October 2018

Portable LSL scheme for Queensland's Social and Community Care Sector

**Submission on behalf of Positive Employer Outcomes (formerly QCSEA) to
Office of Industrial Relations to the Consultation Regulatory Impact Statement (RIS)**

1. Almost 10 years ago, Employer Services represented the then-QCSEA in discussions with the Department of Industrial Relations and other interested parties over a similar proposal to introduce portable LSL scheme in the community services sector.
2. After several discussions, involving primarily the ASU and QCOS, the proposal did not proceed because the Government was not disposed to funding an actuarial study (estimated then at \$1 Million) and it was left to the various parties to find the funds. This was beyond all involved.
3. At that time, QCSEA's Management Committee had decided not to oppose such a portable scheme but asked the fundamental questions: Who is going to pay? Where would the funding come from?
4. Nothing has changed; these questions still need to be answered.
5. In fact, issue must be taken with the gratuitous statement in paragraph 6.2.2 at page 22 of the RIS, where it is said, "In reality a prudent employer should already be putting aside money to fund their future obligations to pay each employee's LSL entitlements."
6. An example of level 4.4 is relied upon and yet an astonishing argument is made in the paragraph following the quote in that, "Assuming a PLSL scheme levy in the range of 1.5-2 per cent, the net additional cost on an employer would be between \$0.00 and \$4.27 per week per employee..."
7. These statements do not reflect reality as most community organisations do not make provision for LSL, at least until the 7-year mark (the minimum continuous service qualifier). Why? It is down to the fact that funds are not available, remembering the majority rely upon Government funding, either State or Federal, and there is no current detailed actuarial study – that is yet to be undertaken. The fact is, that the contribution to a portable scheme will mean organisations will bear an increased cost – the levy unknown, although possible indicated costs as set out in paragraph 6.2.2(i) at pages 22/22.

8. The possibility of community dissatisfaction if “SACS delivery” is not met because of reallocation of funds to a levy rather than staffing is mentioned at 6.12 section 1 – Impact on Government at page 21.
9. Using an example of SCHADS level 4.4 at (\$1285.11 per week) does not recognise that the social and community service stream extends to level 8.3 and that the “Equal Remuneration Order” which has two increases annually, one in July and then in December through to 2020.
10. Then there is the Transitional Pay Equity Order (TPEO) which has higher rates of pay and therefore financial impacts will be variable.
11. Then, of course, is the phased implementation of The National Disability Insurance Scheme 2013 (NDIS) which effectively pays on a predetermined (generally) hourly basis – for a “funded purpose” which must represent value for money.
12. It is totally unknown if NDIS would be adjusted to recognise any levy imposed on community organisations – perhaps not – and if no, the cost would be borne by the organisation itself. Given that NDIS explains that support items for participants all described as “price limits and benchmarks in core supports” then it would be for the Federal Government to determine (rather than the Queensland Government, with respect) any adjustments in “price limits”.
13. It is fact that funding support for community organisations is provided by either the Federal Government or the State Government depending on programs etc. We note in the Executive Summary the rather broad statement which reads:

“The introduction of a portable long service leave scheme for the social and community services sector may lead to increased costs for employers as they will be required to pay a levy to fund the scheme. However, benefits such as improved attraction and retention of skilled employees, reduced training, recruitment and retention costs and healthier more productive employees will have a positive effect on the industry and outweigh the cost of a levy.”
14. Frankly there will be increased costs from day 1 of an employee’s employment and yes perhaps the benefits illustrated will eventuate, only time will tell. But consider that a staff member who has the ability to retain eligibility for LSL may leave earlier than their eligibility date. This could make it harder to retain experienced staff who ordinarily would stay longer – under a Portable scheme they won’t have to.

Focus Questions

In regard to the 5 questions proposed on page 5 of the RIS, we respond as follows:

1. PEO does not oppose such a scheme, consistent with its position 10 years ago.
2. Key benefits. Perhaps more benefits for employees than employers. For Government, it is difficult to be sure given the cost of establishing the scheme is a cost to the Queensland Community, the taxpayers.
3. What costs do you see would be involved in a portable long service leave scheme? Certainly, in the model promoted, additional unplanned financial costs for employers which could reduce over time as evidenced by other schemes.
4. The scheme should apply without distinction and be extended to both for-profit and not-for-profit organisations. No unfair advantage should accrue.
5. Yes, we support a scheme similar to that operating in Queensland's contract cleaning industry, and yes it should be administered by Q leave.

In concluding, we also raise the following:

- There will be administration costs to be borne by organisations whatever portable scheme is introduced.
- The scheme model will apply from day 1 of an employee's employment whether fulltime, part time, or casual.
- If an employee leaves the scheme before the continuous service qualifiers, what happens to funds collected for an employee?
- Is it assumed that a fresh board would have to be established comprised of industry representatives?
- Transitional arrangements will need careful consideration and planning. We are willing to participate.

Yours faithfully,



Gil Muir – Director,
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PEO Secretariat.