



DOWNS INDUSTRY SCHOOLS CO-OPERATION INC (DISCO)

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Submission

Community Services Industry (Portable Long Service Leave) Bill 2019

ATTENTION: Committee Secretary – Education, Employment and Small Business Committee

Dear Committee Members

Recently our organisation reviewed a summary from the Queensland Parliament concerning the proposed **Community Services Industry (Portable Long Service Leave) Bill 2019**.

The Management Committee have asked me, as the Senior Public Officer (CEO) for our organisation, to raise concerns and advise that this bill is not supported by us due to the additional impost it will place on our organisation financially. As an organisation reliant on both State and Commonwealth non-recurrent tender based funding, we are severely limited in our capacity to remain competitive with tender pricing and if we are forced to incur further costs related to the financial cost of labour within the community sector and our organisation specifically, it will impact on our very viability.

Currently our organisation spends nearly 73% of its core expenditure funding on labour and related costs.

Long Service Leave is accepted as a medium-term expense and our organisation has and always will look to ensure employees with significant service are protected by provisioning at the appropriate time.

It is understood and accepted throughout the community services sector (as well as more broadly in business) as something that is contingent on extended service with a single employer.

Financial Impact to Community Agencies

- Community agencies makes provisions for LSL entitlement liabilities contingent on a service threshold being met. Our organisations threshold is seven years. Where employment ends prior to the threshold being met, the monies remain with the community agency.

A portable scheme would obligate payment from the first day of employment and create an absolute non-refundable liability if the employee moved away from the employer and possibly the sector.

- Entitlement liabilities are often invested by community agencies in savings accounts, where the financial return assists in the financial administration, until such time as the provision becomes payable.

A Portable LSL scheme would significantly disadvantage community agencies from receiving a financial return on their investment and funds like this add critical additional core funding and enable the

organisation to meet many of its charter obligations. Interest like this is often used to fund critical assets as Government funding is usually not allowed to be spent on these items.

- National agencies will face differing accruals (or even no legislation in other parts of Australia to support this) when workers work in different states during their service within the community sector.

Our organisation fails to understand that as similar bills have been proposed in other Australian State and Territories and have not been successful, how a transient Community Services worker who moves from Queensland to another part of Australia will have their leave accrual supported? Where will the portable LSL funds go?

Reduction in Base Staffing Levels

- Impact on base staffing levels

Our organisation will be forced to review the number of staff that we employ as the funding for the provision will need to be paid from our existing budget as no additional funding will be available for us to access from our funding partners.

Challenges for Employees

- Any LSL scheme needs to offer scope for flexible accrual and use by agreement between employee's and community agencies to meet changing and diverse employee needs and priorities. e.g. Taking of LSL gradually rather than in blocks, variable employment arrangements due to parental/study leave, stockpiling of LSL to take at preferred times rather than when it falls due.

How will the legislation be framed to enable flexibility to suit the worker and the organisation?

Recommendations:

- As a QLD Community agency, we recommend that Long Service Leave remain contingent on 'long service' with a single employer and not operate upon the commencement of employment or on a portable basis.

Our organisation assumes that the intent of this bill is to protect workers so that when they are entitled to take LSL their employer has successfully provisioned for this leave. Would it not be better for the Queensland Parliament to legislate to ensure employers meet the provisioning LSL obligation at a later stage? If it could be legislated that employers MUST commence provisioning for an employee on the anniversary of the seventh year of work, this would enable sufficient time for the business to set aside funds to ensure that when the leave becomes eligible when the employee reaches ten years, that funding is available to support their LSL.

Our organisation would appreciate the Committee Members considering the above information and we value the opportunity to be able to make this submission.

Yours faithfully

Mike Paton

Mike Paton
CEO on behalf of the DISCO Management Committee