



12 December 2019
Community Services Industry (Portable Long Service Leave) Bill 2019
Committee Secretary
Education, Employment and Small Business Committee
Parliament House
George Street
Brisbane QLD 4000

Sent via email: eesbc@parliament.qld.gov.au

To Whom It May Concern:

Consultation for Portable Long Service Leave – Social and Community Services Sector in Queensland

Leading Age Services Australia (LASA) is the peak body for service providers of retirement living, home care, and residential aged care. LASA is committed to improved standards, equality and efficiency throughout the industry; helping older Australian live well. We advocate for the health, community and accommodation needs of older Australians, working with government and other stakeholders to advance the interests of all age services providers, and through them, the interests of older Australians.

Leading Age Services Australia (LASA) currently represents one hundred and forty-seven (147) aged care employers in Queensland. This membership is made up of 75% not-for-profit providers, 22% for-profit providers and 3% state/public providers.

Would Portable Long Service Leave be desirable in the Social and Community Services Sector in Queensland?

It is the view of LASA and our memberships that a portable long service leave scheme will not be a desirable outcome for this industry. This proposal will not assist with the attraction or retention of employees in the aged care industry and will in fact increase costs and administrative burden for aged care providers who operate in a highly regulated industry with significant financial constraints and legislative obligations.

Further, the aged care industry is not based on fixed term contracts or contracts for labour but rather offers long term, ongoing employment in a growing industry. Consequently, a portable long service scheme is not appropriate for this type of workforce as the structure of the aged care industry and workforce composition does not match those of the industries currently offering portable long service leave schemes.

What would be the benefits and /or costs to the Social and Community Services Sector in Queensland?

LASA submits that a portable long service leave scheme is contrary to the intent and purpose of long service leave which is to provide an incentive to employees to remain with their employer, and to reward employee loyalty with paid leave. As such, there are a number of costs to the industry which are outlined below.

Increased Costs

A portable scheme generally requires an employer to submit funds (a levy) from the commencement of employment of an employee. This means, should an employee resign prior to achieving continuous service that would otherwise require the payment of long service leave on termination, the employer has submitted funds to a levy for an employee that would not have received a long service leave entitlement.

A portable scheme removes access to funds that would otherwise be available to an employer under current legislation. An employer is required to pay a levy for registered employees' from the commencement of their employment (or introduction of a portable scheme). Currently employers are not required to set these funds aside until the employee reaches the period when an entitlement becomes available to them (pro rata period).

The introduction of a portable long service leave scheme would burden aged care industry employers with an extra cost in an industry that already runs on tight margins. It is a concern of the industry that the cost associated in administering a portable long service leave scheme would be at the detriment of investment into more innovative practices to help care for Australia's ageing population.

Retention

Aged care is an industry characterised by long-term employment relationships. In this context, the majority of staff are able to access long service leave (even those employed on a casual basis tend to remain with employers for a sufficient length of time to gain long service leave entitlements).

Aged care employers are keen to retain skilled staff; the current long service leave arrangements provide an incentive for long-term employees to remain with their employer to access long service leave. LASA is concerned that introducing portability of long service leave will therefore counteract this effective retention tool, and will contribute to a skills drain from the industry. At a time of growing need for skilled and experienced staff in the aged care industry, this would be a perverse outcome.

We submit a portable long service leave scheme will not assist with the attraction or retention of employees in the aged care Industry and will in fact increase costs and administrative burden for aged care providers who operate in a highly regulated industry with significant financial constraints and legislative obligations.

A portable scheme removes the requirement to remain with one employer in order to access long service leave. We bring attention to the *NILs Aged Care Workforce Report 2016*¹ outlining retention, with one employer not the industry, is an ongoing issue for age care providers.

Replacement Costs

A portable scheme creates the potential of increased staff replacement costs to cover staff taking long service leave. Portable long service leave means an employee may commence employment with a new employer with an entitlement to long service leave. This means an employer may be required to manage long service leave entitlements prior to an employee actually obtaining long service with that employer, creating new staff replacement costs.

Increased Administration

A portable scheme is likely to create new administration obligations with regards to record keeping, submitting information to a central administrative function and other administrative responsibilities as are set out in current portable long service leave schemes. The aged care industry is already subject to time consuming administration requirements and assessment and appraisal. Increase to administration requirements will put undue pressure on facilities to maintain compliance in an already intensely regulated industry.

Should a Portable Long Service Leave scheme be introduced for both for-profit or not-for-profit organisations?

As outlined above, LASA opposes the introduction of a portable long service leave scheme in the aged care industry. However, if the scheme is introduced it is the view of LASA and its membership that the scheme, should apply to both for-profit and not-for-profit organisations. To differentiate between the two organisation types would further increase the attraction and retention concerns that are ongoing issues within the aged care industry.

The substantial and costly outcomes that will be incurred by our members by the implementation of the scheme requires further review and discussion. Further, aged care employers require further information including:

¹<http://www.flinders.edu.au/sabs/nils/research/completed-projects/2016-national-aged-care-workforce-census-and-survey.cfm>

- How will the portability of long service leave work for national organisations, with staff transferring between states?
- How will the funds be managed if the person leaves the industry, is it returned to the employers who have contributed?

Thank you for the opportunity to make this submission on behalf of aged care employers, and should you require any further information please contact me on (07) 3725 5555.

Yours sincerely,



Chris Edith

State Manager, QLD

Leading Age Services Australia Ltd

6 Pavilions Cl, JINDALEE QLD 4074

p 07 3725 5555 **f** 07 3725 5544

m 0448 087 502 **e** ChrisE@lasa.asn.au

w lasa.asn.au