



Speech by

GEOFF WILSON

MEMBER FOR FERNY GROVE

Hansard 20 October 1998

BUILDING AND CONSTRUCTION INDUSTRY (PORTABLE LONG SERVICE LEAVE) AMENDMENT BILL

Mr WILSON (Ferry Grove—ALP) (4.34 p.m.): It gives me great pleasure to speak to this legislation, having been involved closely with the building and construction industry in recent years. The Building and Construction Industry (Portable Long Service Leave) Amendment Bill contains a raft of reforms which will realise benefits to both industry and building and construction workers. It is about time that something was done for training for building construction workers. That lot on the other side did nothing for them and now they stand up and whinge, carp and moan about the most innovative step that has been taken in the past 10 years in this State for training for construction workers.

In particular, this amendment Bill represents a culmination of industry lobbying and support for the creation of an industry-funded training scheme, with the principal objective of building the broadest possible consensus throughout industry for the establishment of this fund. So it could not be seen and promoted as a narrow sectional objective. The building of that consensus has taken years; it has been welded together year in, year out. That consensus now exists for this fund, and that is why we are moving on it. At the same time the Bill introduces important amendments which will improve workers access to portable long service leave and extend these entitlements to prescribed payment systems workers—PPS workers—who supply their labour only and who currently have no coverage. It is a balanced Bill for both industry and workers.

The building and construction industry is a pivotal industry in Queensland. It is pivotal to the employment of some 125,000 workers, representing around 8% of the Queensland work force. It is pivotal to Queensland's economic growth, contributing almost \$12 billion to the State's economy. However, the building and construction industry is facing severe and critical skill shortages and has been for some period of time, principally through the neglect of the previous Government, now in Opposition. This is something that the honourable members now in Opposition did nothing to arrest when, as I say, they were in Government. Instead, they chose to ignore the cries of industry at their own peril. Not only did members opposite arrest the entire capital works project, funding and programs of the Goss Government when the now Opposition assumed Government two and a half to three years ago, they did nothing for the training of building and construction workers while that tap was turned off.

The building and construction industry is unique in a variety of ways. It is unique in its employment arrangements. The industry relies heavily on project-based work, with up to 40% of its work being generated by the Queensland Government, hence, the critical impact—the devastating impact—that the public works and capital works freeze that the previous Government enacted had upon the construction industry. That is why it is critically important that this Labor Government is committed to the actual implementation of an intensive Capital Works Program to help revitalise the industry and the economy of this State. It is also why, as a major employer and benefactor in the industry, Government cannot sit by idly and watch the industry decline.

Over the past decade in particular, there has been a reduction in the employment of apprentices directly by employers, accompanied by the continued growth in reliance on subcontracting arrangements. As a result, there has been a general reliance in the industry on group training companies to employ and train apprentices for the industry. However, even industry recognises that this is not enough. For the future viability and skills of industry, the major players recognise that all of

industry needs to pull together and take responsibility for training up future workers—future tradespeople and skilled workers. The only way to ensure that this will be achieved is to establish a common industry-based training fund to which all of industry will contribute to the benefit of all of industry.

I take exception to some of the scurrilous lies being bandied about by the Opposition. It would have us believe that the Government is raiding the Portable Long Service Leave Fund—creaming the top off its profits, taking money from the workers' entitlements and leaving the fund in a parlous financial state. That is simply empty rhetoric from the Opposition side. Let us set the record straight. Let us look at the facts.

The training fund will be set up through a grant from the Portable Long Service Leave Authority to a trust fund which will be administered by Construction Training Queensland, the bipartite training advisory body for the industry. By transferring funds via a grant we can get the training scheme operational from day one, from 1 January 1999. What this industry needs above all is action, and action now. That deadline will enable us to do that. It means that we do not have to wait another 12 or more months while we set up a separate levy and a separate scheme. The reality is that industry cannot afford to wait if we are to start addressing skills shortages and training needs.

The simple facts are that there is approximately \$119m in current surpluses within the authority, with approximately \$30m in commitments for long service leave entitlements, which are funded. That represents a 5 to 1 ratio of investment versus liability. The revenue from the authority's investments alone will be enough to ensure that long service leave liabilities are met. It is simply untrue to say that this initiative will place the funding for the authority at risk. I am advised through the Minister that this has been confirmed through the authority's independent actuarial advice, which is commercial in confidence.

Just to set the record straight, actuarial advice to the authority is deemed commercial in confidence simply because it is neither custom nor practice to release such information for public debate. The right and proper process for scrutiny of financial operations of an agency of Government is through the tabling of annual reports in the House and any subsequent debate.

The authority also advises that the actuarial advice has indicated that the levy for portable long service leave could have been either reduced or frozen for a period and still have left the fund in a healthy state. In fact, the conservative estimate provided to the authority is that the fund could have sustained a zero levy for a period of 10 years prior to the re-introduction of a levy of 0.12% to sustain current and projected liabilities.

Some may ask: so why not reduce the current levy? Reduce the levy or reduce it to zero for a period and we still have not addressed the fundamental problems facing the industry. Reducing the levy will not induce employers to take on more apprentices or to train their workers. This is an industry-wide problem and only an industry-wide solution will address it.

Key industry and business representatives support the establishment of an industry training fund in the manner proposed. So the question I put to members opposite is: why shouldn't you? Why should members of this House not support a viable proposition supported by the industry players?

It is interesting to note that the Building and Construction Industry (Portable Long Service Leave) Board, which is made up of representatives from the industry, including the Queensland Master Builders Association, the Housing Industry Association, the Civil Contractors Federation, the Australian Workers Union, the Australian Council of Trade Unions, and that exemplary trade union, the Construction, Forestry, Mining and Energy Union, has never supported reducing the levy rate to zero. Instead, those same representatives, along with other industry representatives and regional businesses, have indicated that there is a need to establish a training levy to ensure the long-term survival of the industry, estimated to cost industry in the order of \$5m per annum in additional levies. They firmly support these initiatives.

Why would we then reduce the long service leave levy and set up a separate levy with all of its associated administration costs? It does not make good sense. If we had chosen to establish a separate scheme to administer a training fund—in effect imposing an additional levy on industry—it would cost in excess of \$2m a year to administer, compared with the estimated \$300,000 in administration through a one-stop collection process through the authority. When compared with the established \$5.4m per annum in funding that is proposed for training under this initiative, this cost would clearly not be justifiable. The current proposal to share the proceeds from the collection of the portable long service leave levy eliminates the exorbitant administration costs.

The authority is also of the view that the proposed changes are more than sustainable. It is not raiding funds or workers' entitlements; it is simply slowing down the rate of growth of the surplus excess which currently exists and surpluses which will continue to exist in the Portable Long Service Leave Fund. The proposed amendments also reflect the Government's commitment to reducing red tape by

avoiding the duplication of services through having the authority as the sole collection agency, without any effect on its core business operations.

This is not a new idea. In fact, it was the coalition, supported by Labor in Opposition, that combined the collection functions for workplace health and safety fees with the collection of the portable long service leave levy. The only problem with its proposal was the differing threshold rates applying between the two, which resulted in an astonishing 30% error rate in collection, let alone the estimated losses in compliance revenues through administrative errors.

We are taking a good idea, fixing the existing problems and building upon it through the concept of the one-stop shop for industry—a concept which has the majority support of industry—rather than imposing the collection of another levy or fee and imposing yet another administrative and regulatory function on industry. In addition, introducing a training fund instead of a separate training levy simply means an extra \$2m spent on training outputs, not wasted on administrative costs and overheads.

There is no raiding of employee or industry funds. Savings on these costs can be put directly into training. Training outcomes, not expensive administrative overheads, are what the industry training fund is about. It simply makes good business sense—something that this side of the House well understands. That is what the authority, with industry representation, determined based on the financial information available to it, and that is what the authority has recommended to Government. I have already stated that this is a balanced piece of legislation, based upon the consensus achieved across all sectors of the building and construction industry. It is balanced because it recognises industry needs, jobs for young Queenslanders and improvements in worker entitlements.

The Bill introduces important amendments which will see building and construction workers able to access their long service leave entitlements after 10 years, instead of the current 15 years. This is important when the average length of time spent in the industry is between 7 and 10 years. It will also extend long service leave entitlements to those subcontractors—PPS workers who supply their labour—in the industry who currently have no coverage or entitlements.

The other positive spin-off of the amendments proposed to the method of collection of the levy and workplace health and safety fees is the introduction of a common leviable threshold rate. It is worth noting that the current rates and threshold levels which are applied in the industry include a long service leave levy of 0.1%, a workplace health and safety notification fee of 0.1% on civil works, a workplace health and safety notification fee of 0.175% on any other building and construction works, a threshold of \$120,000 for housing and a threshold of \$42,000 for commercial, civil and other residential works. These arrangements have led to the clearly unacceptable error rate of 30% in the completion of notification and payment forms. Needless to say, they have been the subject of numerous complaints from industry. They are confusing and they are inequitable.

The proposed amendments will overcome these problems by establishing a common levy and fee rate of 0.2% and an equitable threshold of \$80,000. The long service levy rate will be reduced to 0.075%, and an industry-wide workplace health and safety fee of 0.125% will be adopted throughout industry. This represents no net increase in fees and charges for the building and construction industry, a combined rate of 0.2%, or \$2 into every \$1,000, on all building and construction activity within the State, and with a reduced financial burden to clients of the industry to the tune of \$2.3m—a sum greatly valued by the industry. I am very pleased to say that these simplified administrative arrangements, which meet the majority support of industry, will also allow for the employment of an additional 15 workplace health and safety inspectors throughout the State. They are urgently needed to address the unacceptably high incidence of accidents which occur within this industry.

The amendments contained in this Bill are long overdue. The creation of an industry training fund will generate employment for an additional 800 to 1,000 apprentices each year, in addition to providing valuable upgrading of skills for existing workers within the industry needed to sustain a viable future for the building and construction industry in this State. The Bill also brings long service leave entitlements into line with those provided in other States and in recognition of the unique nature of employment within this industry.

As I said at the outset, this is a legislative move that has been based upon a consensus reached across the industry, principally through the commendable work done by Construction Training Queensland. For a period of eight or nine years, I had the great pleasure of working as a member of the executive of that body. I want recorded in Hansard the commendable and, in fact, exceptional work that has been done by Construction Training Queensland in the decade of the 1990s. In fact, without casting aspersions upon any other industry training advisory body in Queensland, the standards and benchmarks established by CTQ far exceed most achieved throughout other industry sectors in Queensland. In fact, it establishes a pattern of work throughout the industry that could be well emulated by other ITABs throughout industry in Queensland.

Mr Roberts: The old electrical training board did an excellent job as well.

Mr WILSON: They did. I accept that interjection from the member for Nudgee, who would know well the excellent work done by the electrical training ITAB. There are many other ITABs. In fact, if there was ever really one initiative taken within the whole training reform agenda within industry in the past 10 years, it would be the establishment of the ITABs. With State and Federal Government representation on those bodies, we have been able to establish a forum throughout the industry, involving employers and employees and their unions, where they have been able to discuss and reach agreement on critical training issues that need to be advanced for the salvation of industry in this country without the intrusion of various industrial relations issues that ordinarily takes place in the industrial relations environment in this country. We have been able to corral the issues of training and skills training within the building and construction industry to find common agreement on how we move forward on this front.

The various industry stream committees that have been established under CTQ, particularly those with which I am most directly familiar within the civil construction area, have done an excellent job. I refer to the construction industry skills centre which has been established at Salisbury. If anyone on the other side of this Chamber wants to see a positive, innovative approach to training in this industry, they should get themselves out to that Salisbury training centre and have a look with their own eyes, instead of harping and carping about what they want to happen in this critical industry in relation to training. No-one will surpass the work that is being done by the Salisbury centre, which is looking for a cooperative joint venture with TAFE Queensland to achieve unparalleled advances on training within the building and construction industry. With the support of this legislation and the Beattie Labor Government, which is dedicated to jobs and training, I am sure that they will achieve it. I support the legislation.
