



Inquiry into portability of long service leave entitlements for Victorian workers

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Executive Officer
Economic, Education, Jobs and Skills Committee
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Introduction

Context for our submission

Women's Health West (WHW) welcomes an inquiry into portability of long service leave for our staff and thanks the Victorian Government for this opportunity to provide a written submission that addresses the *Terms of Reference* of the inquiry.

We are pleased to see that the Committee will examine existing portable long service leave schemes, the financial and economic impacts of portable long service leave arrangements and whether alternative mechanisms could better meet the objectives of a portable long service scheme

About Women's Health West

Since 1988, WHW has actively contributed to the health, safety and wellbeing of women and their children in the western metropolitan region of Melbourne, which encompasses the local government areas (LGAs) of Brimbank, Hobsons Bay, Maribyrnong, Melbourne, Melton, Moonee Valley and Wyndham.

Our health promotion, research and development team offers a range of programs and projects targeted to prevention and early intervention strategies to improve outcomes for women and children's health, safety and wellbeing. We are leaders in the development of regional strategies to further this work, seeing partnership within and outside the sectors in which we work as crucial for bringing about effective and sustainable outcomes for women and communities.

Since 1994 WHW has delivered a wide range of effective high quality family violence services for women and children ranging from crisis outreach and court support, to housing establishment and crisis accommodation options, to counselling and group work programs. WHW has been an active and strong supporter of family violence reform at a regional and statewide level, integrating and coordinating family violence services in our region, and ensuring the integration of those services with a range of related sectors, including housing, employment, health, and child and family support.

Our core business includes the development and implementation of strategies to prevent, intervene and respond to the homelessness, ill-health, dislocation and trauma facing women and children who experience family violence.

About the western metropolitan region of Melbourne

The western metropolitan region of Melbourne is a rapidly growing region in Victoria, with the population increasing by 39 per cent between 2001 and 2011. Comparatively, Victoria's population grew by 15 per cent over the same period; and the second fastest growing region was the southern metropolitan region of Melbourne at 19 per cent (HealthWest Partnership, 2015).

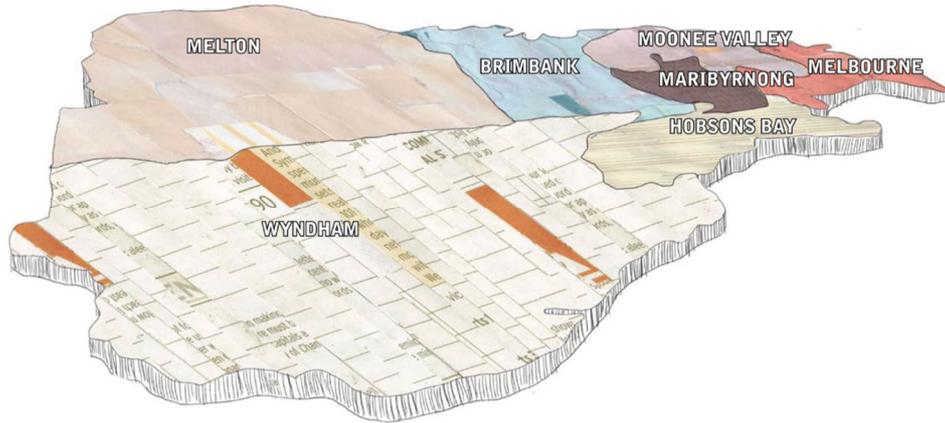


Figure 1: Western metropolitan region of Melbourne and its seven LGAs

Key demographic characteristics of Melbourne's west include:

- significant disadvantage, with 5 of its 7 LGAs ranking in the top 15 most disadvantaged areas of metropolitan Melbourne;
- rapid growth in the outer LGAs of Wyndham and Melton;
- entrenched disadvantage in Brimbank, and gentrification in Moonee Valley and Maribyrnong;
- high levels of cultural diversity, with more than 50 per cent of residents in Brimbank speaking a language other than English at home;
- lower than metropolitan Melbourne average perceptions of community safety;
- higher reliance on welfare compared to metropolitan Melbourne; and
- significant diversity with 29 per cent of Melbourne's Aboriginal and Torres Strait Islander population, a large and diverse migrant and refugee population, and a higher than state-average population of women living with a disability (WHW, 2013).

WHW draws a significant number of staff from the western metropolitan region, with our staff group strongly reflecting the demographics of the region itself.

Given the nature of our work, and the demographics of the region in which we operate, WHW are clear that programs that benefit our staff will ultimately benefit all women. As such, WHW is committed to supporting measures that improve our ability to recruit and retain staff and offer wages and conditions that are fair and equitable.

Equally, WHW operates in a climate of rapidly increasing demand for services without equivalent funds to meet those demands. As such, it is vital that any scheme proposed is affordable and sustainable, balancing employee rights with organisational viability.

Portable Long Service Leave Scheme for Victorian Workers

WHW supports the principle of portable long service leave (PLSL) and was closely involved in consultations with the Department of Human Services in 2009 to develop an appropriate PLSL model. We provided consistent feedback about the need for a scheme that is **viable, financially and administratively sustainable, attracts wide sector support, and improves employee entitlements and staff retention.**

In 2009 a centralised fund model was proposed by the then-Victorian government that WHW did not support for the reasons outlined below. Those reasons lead to our recommendations to the current inquiry.

1. The overall cost of long service leave (LSL) would rise as a result of increased administrative complexity and a loss of funds to a central model i.e. the transfer of funds from organisations to the central fund on a quarterly basis for all workers regardless of length of service. This would result in a significant loss of funds to WHW, reducing the funds we have available to provide programs and services, or improve more tangible staff benefits. The current LSL model allows WHW to invest the funds we set aside for LSL entitlements and use the returns to support service delivery. Where an employee leaves the sector prior to becoming eligible for LSL, those funds are returned to support programs. The proposed scheme retained all funds in a central pool, resulting in a dramatic loss in revenue to organisations.

Recommendation one: That any proposed PLSL model is cost neutral and ensures against a loss of funds available to support service delivery.

2. In 2009 the Victorian government ruled out any financial support to reflect the net cost impact. WHW are of the strong opinion that where employees are funded by government, the price set within these programs should cover the cost of LSL, including any extra cost of portability. We understand this is already the case for all government employees and for a number of other schemes. There is a clear precedent for the government to support organisations to implement the scheme. The exceptional events clause in the NGO price index, for example, has been used to fund legally binding costs imposed on the sector, such as minimum wage safety net determinations and bargaining negotiations, where the increased cost of service cannot be passed on.

Recommendation two: That funds be provided to community sector organisations to support any additional costs of portability of long service leave.

3. The proposed model required two separate administrative schemes – one administered by WHW and the other by the new authority/fund manager. This is because organisations would still be required to maintain current LSL records and provisions for staff employed prior to the scheme commencing, as well as accounting for any LSL entitlements over and above the *Long Service Leave Act 1992* from scheme commencement. The doubling up of resources added further hidden costs in internal management.

Recommendation three: That any model proposed be administratively simple.

4. WHW did not support the legislative timelines proposed by the Victorian government because there had not been a formal consultation period where organisations had access to a business impact assessment of the proposed model. WHW recommend that any

timetable for implementation must allow for effective consultation with the health and community services sector.

Recommendation four: That prior to the introduction of a PLSL scheme, the Victorian government provide a business impact assessment of the proposed model and undertake effective consultation with the health and community services sector to ensure support for an affordable and sustainable PLSL model.

5. Opposition to the 2009 proposal and confusion about who was 'in' and who was 'out' of the scheme had the potential to substantially increase the costs to those agencies required to contribute. Some sectors expressed concern about segmenting employees where they provided a mix of not-for-profit and for-profit services (such as aged care) and other sectors planned to opt out completely (such as community health). The fewer the agencies contributing to the scheme, the greater the cost to those without the clout to opt out. This had potential to result in those agencies attracting the least funding having to contribute to an expensive scheme that did little to increase staff retention in the sector.

Recommendation five: That any PLSL scheme ensure a widely-inclusive range of sectors to reduce costs and support greater portability.