

7 August 2015

Ms Kerry Riseley
Executive Officer
Education and Training Committee
Parliament House
Spring Street
East Melbourne VIC 3002

Sent by email: eejsc@parliament.vic.gov.au

Dear Ms Riseley

Re: The Victorian Parliament's Economic, Education, Jobs & Skills Committee (the Committee) - Inquiry into employer schemes that provide portability of Long Service Leave entitlements for Victorian workers.

ASIAL welcomes the opportunity to make submissions to the Committee on behalf of the security industry, with respect to the Victorian Government's Inquiry into employer schemes that provide portability of Long Service Leave (LSL) entitlements for Victorian (Security Industry) workers.

Introduction

As we understand it, the issues the committee will investigate will include:

- Which sectors, industries or occupations may benefit from portable long service leave schemes;
- The role of Government in facilitating such schemes;
- Possible models, including governance, compliance and enforcement arrangements for portable long service leave schemes;
- The capacity to operate such schemes both in Victoria and nationally;
- The impact of such schemes on employment.

The Committee will also examine existing portable LSL schemes, the financial and economic impacts of such arrangements or whether alternative mechanisms could better meet the objectives of a portable long service leave scheme.

Origins of Long Service Leave

As the Committee is no doubt aware LSL originated in South Australia and Victoria in the 1860s as a scheme that allowed civil servants 6-12 months leave to go home to Britain after 10 years service in the colonies. Clearly the original reasons for LSL are no longer relevant.

In the 1950s that LSL spread to the private sector, and it is an employee entitlement in all states and territories, enshrined in the National Employment Standards of the Fair Work Act 2009 and on the agenda for a National LSL scheme.

Portable Long Service Leave

Portable Long Service Leave emerged first in awards in the coal mining industry in 1949 on a national basis. Other instances have occurred on a State basis, as a result of legislation at that level. Portable Long Service Leave began extending into the building and construction industry in the 1970s, albeit with some variation between States.

Portability arrangements now exist between the building and construction industry State schemes allowing service under one of the schemes to be counted for eligibility for entitlements under the other schemes.



**Australian Security Industry
Association Limited**

*The peak body for
security professionals*

Australian Security Industry Association Limited (ASIAL)

As the largest security industry Association representing the security industry in Australia, ASIAL represents approximately 2,750 members, including small, medium and large corporate members who provide security services across a broad range of activities and services.

ASIAL represents all sectors of the security industry, including:

- *Electronics* - access control, alarms, CCTV, Integrated systems and video Intercoms;
- *Manpower* –aviation/maritime security, cash in transit, critical infrastructure protection, crowd control and event security, mobile patrols, retail/loss prevention and general guarding;
- *Physical* – barriers, bollards, doors, gates, locks, safes and record protection.

ASIAL's Position on Portable Long Service Leave

ASIAL is not opposed to employees with long and continuous service having access to paid long service leave. Currently all such employees have access to Long Service Leave (LSL) under the *Long Service Leave Act 1992 (the Act)* or through the *Construction Industry Long Service leave Act 1997* (where eligible).

While the security industry is not specifically mentioned as being covered by the building and construction industry scheme(s) there have been questions raised (and unresolved) concerning the eligibility of employees involved in the electronic security industry, CCTV, alarm installation and electronic access and egress systems.

The purpose of Portable Long Service leave is to provide workers who work on separate projects, and frequently move from employer to employer with the same opportunities to accrue LSL as those who work for a single employer for LSL qualifying periods. The security industry is not a typical example of this way of working.

Data collected from members operating throughout Australia indicates that a very small percentage of security workers remain in the industry long enough to reach the qualifying level for eligibility to take LSL. Those that do are adequately covered by the current legislation.

The Committee will appreciate that many employees benefit from the current legislation and will be no further advanced by the introduction of a levy. In our view very few security employees in Victoria will benefit from such a scheme, while employers may be burdened by a cost that will not ultimately benefit the employee.

ASIAL is concerned that any scheme should properly reflect the nature of the industry including, the high levels of casual employment, turnover, length of service and age of employees. ASIAL is also concerned that a decision to introduce portable LSL into the security industry should include significant consultation with industry and employers and be determined having due regard to proper research of the facts.

Also necessary for consideration is the fact that the *Fair Work Act 2009* deals with Long Service Leave and it is the intention of the Fair Work Commission that State and Territory legislation is expected to be replaced by a national long service leave standard within the next two years.



ASIAL believes that a portable LSL Scheme for Victorian security workers should not be considered:

- Before the Fair Work Commission introduces a Federal Long Service Leave standard and
- A detailed study is undertaken to identify the efficacy of a portable scheme for the industry and;
- Before current Government contracts can be reviewed to allow for variations to account for the increased cost to employers resulting from the scheme.

ASIAL further submits that such a scheme should not create a greater cost to employers than is currently in place under the *Long Service Leave Act 1992*.

If a scheme is to be introduced ASIAL submits that there needs to be a clear distinction between those who are captured by the scheme and those who are exempt. We believe that this is best achieved by using award classifications.

ASIAL recommends that a proper actuarial study, using industry statistics be undertaken to determine the real need for a scheme and if appropriate the amount of any levy, including administration costs which in our experience can be as much as 33% of the levy.

The security industry in Victoria, like other states and territories throughout Australia is characterised by high levels of casual employment (usually staffed by people using security work to supplement other full time work in other industries) and high turnover out of the industry amongst that group.

Members have reported that 75% of employees leave the industry within three years of entry and fewer than 15% reach 7 years of service.

If a portable LSL scheme were to be introduced employers may be expected to contribute for a significant number of Casual employees who would not qualify for any benefits under the scheme. This group already receive a casual loading of 25% of the base rate for their classification. In ASIAL's opinion paying a levy based on the loaded rate is a "double dip".

In our opinion it is inappropriate for employers to be expected to pay a levy for each employee while the greater majority will never receive any benefit from the levy.

A further concern for employers relates to current contracts. Many existing contracts do not allow for an escalation of fees based on changes other than those relating to wages decisions of the Fair Work Commission. Our members will be significantly disadvantaged as a result of the introduction of a scheme if there is no ability to offset the increases against the contract.

Conclusion

ASIAL looks forward to working closely with the Committee on this matter and we would be pleased to be involved in any future discussions.



Bryan de Caires
Chief Executive Officer