

Our Ref:

7 August 2015

Executive Officer
Economic, Education, Jobs &
Skills Committee
Parliament House
Spring Street
EAST MELBOURNE VIC 3002

By Email:
eejsc@parliament.vic.gov.au

Dear Sir / Madam

SUBMISSION TO THE INQUIRY INTO PORTABILITY OF LONG SERVICE LEAVE ENTITLEMENTS

Meerkin & Apel represents the industrial relations interests of the majority of Victorian Councils (77 of the 79 Councils) as well as a majority of Regional Library Corporations. We support the sector including the facilitation of working groups and advocacy on sector wide workplace matters.

The long service leave entitlements of employees of Victorian Councils and Regional Library Corporations are administered in accordance with the *Local Government (Long Service Leave) Regulations 2012* [2012 LSL Regulations]. The predecessor to the 2012 LSL Regulations, namely the *Local Government (Long Service Leave) Regulations 2002* were reviewed in 2011 and 2012.

At the time of the review, submissions were made in response to the Regulatory Impact Statement (RIS) for the proposed 2012 LSL Regulations and following the introduction of such Regulations in February 2012, which resulted in amendments being made in October 2012. At this time there was extensive correspondence between the then Minister for Local Government, The Honourable Jeanette Powell, Local Government Victoria [LGV], Councils and Library Corporations covered by the 2012 LSL Regulations, and our firm. A number of significant and costly problems were created by the 2012 LSL Regulations when they were introduced. In mid-July 2015, we wrote to LGV reiterating the issues faced by the industry and sought to meet with them. To date we have not had a response from LGV.

The primary issue relates to Regulation 15(3) which requires a Council (or Library Corporation) to recognise prior service with a public service body or special body (as defined) without any transfer of funds. There is also a requirement to recognise prior service that the public service body or special body has itself recognised.

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This requirement is an administrative and cost impost on Councils and Library Corporations. Councils and Library Corporations have been financially disadvantaged when they have recruited staff who have recognised service with a public service body or special body, without any transfer of funds. These organisations also have an administrative burden in having to maintain processes to ensure that there are checks and balances in regard to authenticating prior service and payments in lieu.

Recognition of prior service has become topical for Councils with the pending introduction of rate-capping. In January 2015, Councils were informed that annual rate increases were going to be restricted to the level of the Consumer Price Index (CPI) from the 2016-17 financial year. For the March quarter 2014 to March quarter 2015 All Groups Melbourne CPI was 1.0%. The average rates increase in the 2015-2016 financial year is 3.8%, to ensure Councils are able to deliver the same level and range of services as the previous year and to invest in infrastructure and asset renewal. The introduction of rate-capping will make this more challenging for Councils, who are currently exploring all avenues to minimise their costs in anticipation. The recognition of long service leave without the requisite amount of funds is a financial burden imposed on Councils by the LSL Regulations.

Furthermore, there is an equity issue with the current 2012 LSL Regulations. The Regulations impose an obligation for service with a public service body or special body to be recognised. For example, an employee of the Department of Education and Training would have their prior service recognised if they were to be employed by a Council but a teacher would not. Meerkin & Apel often receives requests from Councils and Library Corporations to assist in determining whether an organisation is a public service body or special body. At no time has the sector been provided a list of public service bodies or special bodies to assist them in knowing when they need to recognise service. There seems to be no logic in who can and cannot have their service recognised. Interestingly, the 2012 LSL Regulations do not make it compulsory for local government to recognise prior service with a Water Corporation. This is despite the extensive joint history between these two types of organisation who have traditionally been bound by the same award.

Local government is supportive of the portability of long service leave so long as there is a 'level playing field' in the recognition of service between all employers.

This submission is the outcome of a consultative process we have undertaken with the Councils and Regional Library Corporations whom we represent, but does not purport to replace any individual Council/Library Corporation submissions which may have been received by you.

We look forward to learning the outcomes of the Committee's inquiry.

Yours sincerely,



GARY KATZ

CC Mr Mark Curry
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