



AUSTRALIAN HOTELS ASSOCIATION (VICTORIA)

ABN 79 948 978 376

EEJSC Submission No.25

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Ms Kerryn Riseley
Executive Officer
Education and Training Committee
Parliament House
Spring Street
East Melbourne
Victoria 3002
Via email: eejsc@parliament.vic.gov.au

Dear Ms Riseley,

Re Inquiry into portability of long service leave entitlements

The Australian Hotels Association (Victoria) welcomes the opportunity to respond to the Victorian Government's inquiry into the portability of long service leave entitlements.

1. Australian Hotels Association (Victoria)

The overarching objective of the Australian Hotels Association (Victoria) is to effectively contribute to the establishment and maintenance of an economic and social environment that fosters the business success of members and Victorian pubs and hotels generally.

AHA (Vic) strives to be the pre-eminent Victorian hospitality industry association representing the rights and interests of its members to State, Federal and Local government, other relevant parties and the community. AHA (Vic) provides industry leadership, lobbies on members' behalf and promotes best practice in hotel management, with a commitment to effective communication with members. Tourism Accommodation Australia (Victoria), a division of AHA (Vic), actively contributes to the development and growth of tourism and tourism-related industries.

Advice ■ Support ■ Network ■ Influence

Within the diverse Victorian hospitality industry, AHA (Vic) and TAA (Vic), membership incorporates CBD, metropolitan, regional and rural hotels and pubs, accommodation hotels, resorts and similar businesses.

The ongoing strategic objectives of AHA (Vic) are to:

- Protect, promote and advance the interests and rights of members;
- Uphold and promote the quality, integrity and reputation of the hotel industry;
- Provide timely, effective, relevant and value adding services to members, and
- Develop and maintain value-adding partnerships with key industry stakeholders to the benefit of members and such partners.

2. Portability of long service leave

Long service leave is a uniquely Australian entitlement with its origins in the colonial public services of South Australia and Victoria. Historically, it was awarded to employees who had provided long service in the colonies to enable them sufficient time to visit the United Kingdom. As a consequence, Australia is the only country where there is a legislated right to long service leave.

Long service leave is portable within state public services, in addition to between different levels of government, both intra and inter state (ie. between federal, state and local government public services). The rationale for this is not so much the structure of the industry but rather recognition of the worth of a career in public service.

At present, none of the Australian States and Territories specifically provide for portability of long service leave in relation to the general private sector, i.e. an employee accruing continuous long service leave entitlements whilst being employed over a period of time with more than one employer. Each jurisdiction does, however, provide long service leave legislation specific to the building and construction industries, which provides for portability of long service leave.

There are also similar schemes operating in other jurisdictions where industry specific portable long service leave arrangements allow employees to transfer their accrued long service leave entitlements from employer to employer in the following industries:

The Coal Mining Industry
The Stevedoring Industry
The Contract Cleaning Industry

In these industries the long service leave is funded through a central scheme that receives payments from the employees current employer and pays the long service leave upon entitlement.

Generally speaking, portable long service leave schemes are designed to recognise the cyclical and transient nature, in addition to the project/contract based structure, of these industries. Due to the nature of these sectors, employees are highly mobile and are therefore unlikely to be able to accrue long service leave due to a lack of continuous service. There is no merit in extending the current arrangements in relation to the portability of long service leave in Victoria.

3. The Hotel Industry in Victoria

The Hotel industry in Victoria employees some 47,000 people, many of whom are casual employees, with a majority of these employees being employed on a regular and systematic basis with the same employer. The majority of employers in the Hotel industry are deemed to be small businesses.

Hotel workers in Victoria enjoy the benefits of the Victorian Long Service Leave Act 1992 as this industry is not considered to be cyclical or transient and is not a contract-based industry.

There is no evidence in support of demand for portability of long service leave for the Hotel industry in Victoria. If there were to be consideration of the provision of such a scheme for our industry, the financial and administrative costs on industry and government would far outweigh any benefits that may accrue for the industry.

The concerns of the Hotel industry in relation to any extension of the portability of long service leave in Victoria are:

- **The additional administration and cost to employers and industry:**

A further increase in administrative red tape for small business cannot be justified.

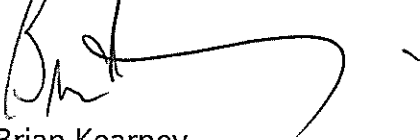
- **An increase in the labour cost of operation of small businesses:**

Any implementation of an extension of the portability of long service leave into the Hotel industry would result in increased labour costs within an industry that is struggling with the existing cost of labour. Such a levy could result in yet a further reduction of employment in the industry.

The Australian Hotels Association (Victoria) does not support the concept of any extension of portability of long service leave into the Hotel industry in Victoria.

We would welcome the opportunity to discuss this matter with you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Brian Kearney', with a long horizontal flourish extending to the right.

Brian Kearney

Chief Executive Officer

Australian Hotels Association (Victoria)