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Victorian Alcohol & Drug Association
211 Victoria Parade Collingwood
Victoria 3066 Australia
Telephone 03 9412 5600
Facsimile 03 9416 2085
vaada@infoxchange.net.au
www.vaada.org.au
ABN 19 039 293 679

Executive Officer
Economic, Education, Jobs & Skills Committee Parliament House
Spring Street
East Melbourne VIC 3002



Email: eejsc@parliament.vic.gov.au

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Attention: Executive Officer

Inquiry into Portability of Long Service Leave Entitlements

We appreciate the opportunity to contribute to this inquiry and note that there was substantial work undertaken prior to 2010 on this issue will inform our response. We note that there have been some significant changes to the community sector over the intervening years including, a significant increase in the number of individuals employed, the commencement of the Equal Remuneration Order, and increase in superannuation contributions as well as the NDIS. More specifically, the AOD treatment sector in Victoria has recently undergone significant reform following the recommissioning which has dramatically modified the form and composition of the sector. These elements contribute to a profoundly changed sector and should be accounted for in the development of a portable long service leave scheme.

We note that the overall emphasis of portable long service leave within the community sector would be to provide for improved conditions for the workforce and in doing so, likely have a positive impact on stability and retention. This proposal would also allow for the fluidity of the current workforce, where individuals often change employment prior to eligibility for long service leave entitlements. These employees, who would currently be unlikely to enjoy the benefits of long service leave, would, if they remained in the community sector, be able to access long service leave after the requisite period of employment within the broader sector rather than just one agency.

The Victorian AOD treatment sector maintains a diverse workforce spanning across a range of service types and a variety of disciplines. The AOD workforce, comprising of over 1000 individuals, has, similar to other community sectors, experienced low remuneration over the years. The sector as a whole, particularly in rural and regional areas, has experienced significant difficulties in recruiting, retaining and providing a competitive level of remuneration for employees. The recent recommissioning of the AOD treatment sector has not ameliorated this situation. Therefore, initiatives which create incentives for attracting and retaining skilled workers into the AOD treatment sector are necessary.

Ideally, by enabling portable long service leave, those remaining in the community sector would enjoy significant benefits. This is most welcome for a workforce which has traditionally experienced a high portion of part time employment and has a high proportion of female employees who have traditionally experienced lower wages and benefits. However, there are a number of risks as well as the need to ensure that this proposal is the most effective means of retaining experienced employees in the community sector.

The various models which have been proposed in the earlier work undertaken provide a range of options with regard to the administration and funding of this initiative. This includes a paper by Price Waterhouse Coopers¹ which briefly details both a centralized and decentralized model of administration, with a preference for the former. The risks involved in this include agencies being compelled to provide an allocation to the centralized fund rather than invest the long service leave allocation until such time as it would be 'paid out'. The scheme would inevitably result in a greater financial burden for community organizations, impacting upon budgets and potentially their competitiveness in engaging in tender processes. It would also reduce their capacity in providing support and assistance for disadvantaged and vulnerable communities.

There are other issues relating to this scheme including the increased need to backfill positions and the associated financial burden which agencies would need to account for. This would have varying impacts depending on the sector and the size of the agency. Back filling positions has been flagged as an issue with a number of agencies. There would also be a high administrative burden on those agencies which have a high turnover of staff, creating a perverse disincentive for engaging in short term projects and even backfilling positions temporarily vacant due to long service leave and parental leave.

There is a need to clearly detail the differing impacts on both smaller and larger agencies and how it will accommodate services which provide above award conditions in the provision of certain entitlements.

Notably, as highlighted earlier, employees in the AOD sector arrive from a broad range of professions and work in a number of different service types, including hospital, community health and community agencies. It is likely that some of these positions and service types may be out of scope, creating challenges in maintaining parity across the sector. We note that the intention in earlier work was not to append this to particular awards but rather to specific industries (community services).

Given the potential risks, an assurance from government with regard to the level of support which can be afforded to offset the increased costs of operation which would accompany such a scheme would be encouraging. Furthermore, there is a need to be able to clearly articulate the benefits of such a scheme within the context of the contemporary community sector. Further research into the benefits is necessary. The administrative activity associated with running this scheme should be clearly detailed, which would include the role of government in overseeing this activity.

We would encourage government to undertake further activity in detailing the benefits of this endeavor and articulating the overall costs to the sector. Ideally, such information would provide the means to progress this initiative in a manner which does not impede the sectors ability to cater for service demand and contribute to enhancing the community sector workforce.

Sincerely,



Sam Biondo
Executive Officer
Victorian Alcohol and Drug Association

¹ Price Waterhouse Coopers 2010, *Community Services Sector Portable Long Service Leave*, Australia