

EEJSC Submission No.35  
Received 7 August 2015



*Submission to the*

**ECONOMIC, EDUCATION, JOBS & SKILLS  
COMMITTEE**

**INQUIRY INTO PORTABILITY OF LONG SERVICE  
LEAVE ENTITLEMENTS**

*7 August 2015*

## **The Victorian Farmers Federation**

The Victorian Farmers Federation (VFF), Australia's largest state farmer organisation and only recognised consistent voice on issues affecting rural Victoria, welcomes the opportunity to comment on small business in Victoria.

Victoria is home to 25 per cent of the nation's farms. They attract neither government export subsidies nor tariff support. Despite farming on only three per cent of Australia's available agricultural land, Victorians produce 30 per cent of the nation's agricultural product. The VFF represents the interests of our State's dairy, livestock, grains, horticulture, flowers, chicken meat, pigs and egg producers.

The VFF consists of a nine person Board of Directors, with seven elected members and two appointed directors, a member representative General Council to set policy and eight commodity groups representing dairy, grains, livestock, horticulture, chicken meat, pigs, flowers and egg industries.

Farmers are elected by their peers to direct each of the commodity groups and are supported by Melbourne-based staff.

Each VFF member is represented locally by one of the 230 VFF branches across the state and through their commodity representatives at local, district, state and national levels. The VFF also represents farmers' views on hundreds of industry and government forums.



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# 1 Introduction

The Victorian Farmers Federation (VFF) welcomes the opportunity to provide feedback to the inquiry into portability of long service leave entitlements.

Long service leave is leave paid to an employee after a prescribed period of employment with an employer. Usually the employee has worked continuously for an employer over a period of time. In Victoria to be entitled to long service leave the minimum length of service to qualify, is seven years of service. After working 15 years for an employer the employee is entitled to 13 weeks of long service pay.

Long Service leave provisions vary across the different states and territories. In Victoria, the legislation that covers long service leave is the *Victorian Long Service Act 1992*.

In specific industries, such as the construction industry special long service schemes have developed where long service leave is portable. The reason for the special portability of its scheme is because the industry involves itself with projects of a limited duration, and many of the employees are employed for only a short period of time with one employer. Generally, due to the requirements of that particular industry a portable long service scheme has developed over time.

## 2 History of Long Service Leave

Long service leave originated in the States of South Australia and Victoria in the nineteenth century for civil servants who had completed 10 years of service. The statute that gave employees this right was the Civil Service Acts. The leave given was for “long and faithful service”. This entitlement spread and in the 1940’s it was included by consent, into federal awards<sup>1</sup>.

In the 1950s it became a standard entitlement. Australia is the only country where there is a legislated right to long service leave<sup>2</sup>. The leave was viewed as an act by employers to stop turnover and to reward a person for long and faithful service. It provided an employee with time to re-energise themselves.

## 3 The Agricultural Industry

The VFF is of the view that the current legislation adequately covers long service leave. The VFF is opposed to widen the access of long service leave especially for the agricultural sector. As mentioned above long service leave was originally introduced as an entitlement to an employee because of the “long and faithful service” to an employer.

The widening of a portable long service scheme does not require a working relationship of any length of time, so it does not reward an employee for their faithful service to an employer. In essence

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<sup>1</sup> CCH Australian Labour Law Reporter Volume 3 Long Service Leave 32-810

<sup>2</sup> Long Service Leave in Australia: Towards a national minimum standard

portable long service leave goes against the original purpose of why long service leave was introduced initially. Long service leave would essentially become just another additional cost to the employer.

In the agricultural sector, most commodities compete in the global market and cannot increase the commodity prices of their products to off-set increases in wages. Employers are required to pay wages, penalties and allowance plus on costs such as superannuation, workers compensation insurance and payroll tax. Imposing more and more costs such as the portable long service scheme upon employers is a disincentive to employ other workers. Also the portability aspect of the scheme may be difficult to implement as other jurisdictions have different long service leave laws.

Portable long service schemes such as the one in the building and construction industry has been developed for particular reasons and should be confined to that industry and not be expanded to other industries.

## **4 Conclusion**

The VFF strongly recommends that the status quo remains with respect to portability of long service leave. In the building and construction industry portability of long service leave is a feature of that particular industry and should be confined to that specific industry.