



RIS Ref: OIR982-0119

File Ref: DOC19/2325

1 October 2019

Mr Tony James  
Executive Director- Industrial Relations  
Office of Industrial Relations  
1 William Street  
BRISBANE QLD 4000

Dear Mr James

## Decision Regulatory Impact Statement: Proposed changes to QLeave levies

Thank you for your updated enquiry of 13 September 2019 seeking advice on the adequacy of the *Proposed changes to QLeave levies* Decision Regulatory Impact Statement (RIS).

### Background

Long service leave is a workplace entitlement that provides long-serving employees of an organisation with additional paid leave. In Queensland, such entitlements are generally provided for in the *Industrial Relations Act 2016* (the Act). The Act provides 8.6667 weeks long service leave after 10 years continuous service with one employer.

In recognition of the difficulty that workers in the building and construction industry had in gaining the required years of service with one employer to become eligible for long service leave, a 'portable long service leave' (PLSL) scheme commenced in Queensland in 1992. The PLSL scheme operates by requiring employers to report on their employees' service and to pay a levy into a centralised pool administered by QLeave. The PLSL levy is currently payable on total project costs of all building and construction work over \$150,000 (excluding GST). The PLSL levy is collected at the same time as a building and construction training levy and a work health and safety (WHS) levy.

### Release of the Consultation RIS

The Office of Industrial Relations (the office) released a Consultation RIS on 3 May 2019, seeking stakeholder views on an investigation into both the structure of the PLSL levy (including re-introducing GST to leviable project costs and increasing the base levy) and dedicated funding for mental health and suicide prevention strategies in the building and construction industry.

The Consultation RIS presented the following options for addressing each policy issue:

- PLSL levy:
  1. return to a single-based levy structure, as was in place prior to 2014
  2. retain the current 3-tiered levy structure
  3. amend the tiered levy structure, including the removal of the third tier
  
- Dedicated funding for mental health and suicide prevention strategies:
  1. increase the WHS levy to include a specific mental health component
  2. dedicate a portion of the existing WHS levy revenue to mental health and suicide prevention strategies.



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The Consultation RIS presented the options of a single-base levy structure (with the re-introduction of GST to leviable project costs and an increase of the levy) and an increase to the WHS levy as the office's preferred options.

The Consultation RIS was open for comment until 30 May 2019 and both written submissions and email responses were received by the department.

#### Preparation of Decision RIS

The purpose of a Decision RIS is to reflect the outcomes of consultation on proposed regulatory amendments, including how stakeholder views were taken into consideration in developing a final recommendation.

The Decision RIS continues to present a single-base levy structure as the preferred option for the PLSL levy. However, upon consideration of relevant stakeholder feedback received through consultation, the RIS no longer presents the re-introduction of GST to leviable project costs as preferred.

In relation to funding for mental health and suicide prevention strategies, it is now preferred to seek to direct, via a budget allocation, a proportion of revenue raised by the current WHS levy to these initiatives in the building and construction industry.

The Decision RIS also recommends an increase of the PLSL levy rate to 0.35%, based on further actuarial analysis undertaken since the consultation period. Supporting information and details of potential impacts are included in the Decision RIS.

The office notes that to give effect to the proposed options, legislative amendments to subordinate regulation will be required.

The Commission has assessed the Decision RIS and considers it adequately presents the results of consultation, details of the department's response to stakeholder feedback and a discussion of the impacts of the proposed changes. Given this, the Commission considers the Decision RIS is adequate to support the decision maker's consideration of the proposal.

Consistent with the Queensland Government Guide to Better Regulation (the guidelines), the final Decision RIS and this letter of adequacy will be published on the Commission's website following approval of the RIS for release.

Please contact Sean Mackay, Principal Analyst on (07) 3015 5149 if you require any additional information or guidance in relation to the above comments or the guidelines in general.

Yours sincerely



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