



RIS Ref: OIR982-0119

File Ref: DOC19/563

19 March 2019

Ms Tricia Rooney  
Director, Industrial Relations Strategic Policy  
Office of Industrial Relations  
1 William Street  
BRISBANE, QLD 4000

Dear Ms Rooney

## Consultation Regulatory Impact Statement - Proposed changes to QLeave levies

Thank you for your enquiry on 15 January 2019 and further information provided 25 February 2019 and 6,15 and 18 March 2019, seeking advice on the adequacy of the 'Proposed changes to QLeave levies' Consultation 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 the 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.

### Proposal

The RIS has been developed to investigate 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 RIS presents the following options for addressing each policy issue:

- PLSL levy:
  1. retaining the current 3-tiered levy structure
  2. returning to a single-base levy structure, as was in place prior to 2014
  3. amending the tiered levy structure, including the removal of the third tier.
- dedicated funding for mental health and suicide prevention strategies:



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1. increase the WHS levy to include a specific mental health component
2. dedicate a specific portion of the existing WHS levy revenue to mental health and suicide prevention strategies.

The RIS presents 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 of Industrial Relation's (the office) preferred options. The office notes that to give effect to the proposed options, legislative amendments to the Act will be required.

### Assessment

In undertaking its assessment of whether a Consultation RIS is adequate for the purposes of public consultation, the Queensland Productivity Commission (the Commission) has regard to the 'adequacy criteria' in the Queensland Government Guide to Better Regulation (the guidelines).

Based on these criteria the Commission considers that the RIS adequately provides a background of the PLSL scheme and the office's assessment of the issues. Further, the Commission notes that the RIS provides detailed quantification and analysis of the estimated impacts of the options on both varying project sizes and overall scheme revenue — although the Commission acknowledges that the office intends to obtain, at a later date, further actuarial advice on the impact these options have on the financial sustainability of the scheme.

Given these points, the Commission considers the RIS is adequate for the purposes of public consultation. Consultation with stakeholders will likely assist the office to further develop the policy, including:

- verifying the analysis undertaken and whether the proposed amendments will have any unforeseen adverse impacts on the building and construction sector
- whether any alternative options, which achieve the aims of the policy, should be considered.

Consistent with the guidelines, once a Consultation RIS has been approved for release it is published on the Commission's website along with this letter. After consultation has concluded, a Decision RIS, incorporating the consideration of public comments and an actuarial assessment of the impacts of the proposal on the financial stability of the PLSL scheme, should be provided to the Commission for assessment before the matter is finally referred to Cabinet for decision.

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



**Christine Tozer**  
Team Leader