

Portable long service leave in Queensland's
building and construction industry.

Proposed changes to QLeave levies

Decision Regulatory Impact Statement

March 2020

Contents

1.	Introduction	3
1.1	History of the scheme and how it works	3
1.2	Mental Health and Suicide Prevention in the Queensland Building and Construction Industry	5
1.3	Consultation on proposals to change the QLeave levy arrangements	5
1.4	Policy Objectives.....	6
2	Response to Consultation	6
3	Options considered	7
3.1	Tiered levy structure	7
3.1.1	Response	7
3.1.2	Impact of the proposed change.....	8
3.2	GST as a component of leviable costs	8
3.2.1	Response	10
3.3	Dedicated funding for targeted mental health and suicide prevention strategies	10
3.3.1	Response	12
3.3.2	Impact of the proposed changes	12
3.4	Increased portable long service leave levy rate	12
3.4.1	Response	13
4	Impact of Government's changes	14
5	Conclusion and recommended option	15
6	Consistency with fundamental legislative principles	16
7	Consistency with COAG competition principles.....	16
8	Implementation, compliance support and evaluation strategy.....	16
8.1	Implementation	16
8.2	Compliance	16
8.3	Evaluation.....	16
	List of submissions.....	17
	Stakeholder Feedback – summary of comments.....	18
	Remove tiered levy structure	18
	Increase PLSL Levy	20
	Proposed inclusion of GST in leviable project costs.....	22
	Proposed increase to and apportionment of the WHS levy	25

1. Introduction

1.1 History of the scheme and how it works

In Queensland, the *Industrial Relations Act 2016 (Qld)* (IR Act) provides a standard a long service leave entitlement, subject to certain conditions, for full time, part time, casual and seasonal employees. The leave entitlement is 8.6667 weeks' after 10 years continuous service with the same employer. Because long service leave requires continuous service with the same employer, accessibility to such leave can be difficult for workers in industries where mobility or insecure work is a feature. High workforce mobility or insecure employment may occur where work in that industry is project-based or where firms hire staff based on obtaining a contract that has a limited term.

A portable long service leave (PLSL) scheme for Queensland's building and construction industry was established under the *Building and Construction Industry (Portable Long Service Leave) Act 1991* (the Act) and commenced in 1992. It was the first PLSL scheme established in Queensland, in recognition of the difficulty that workers in the industry had in gaining the required years of continuous service with one employer to become eligible for long service leave.

PLSL schemes allow workers to accumulate long service leave entitlements based upon their continuous service in an industry, rather than with a single employer. PLSL schemes typically operate by requiring employers to report on their employees' service and to pay a levy into a centralised pool administered by an appropriate authority. That authority keeps track of an employees' total service in the industry, even when they switch employers. When an employee accumulates sufficient service credits, the authority manages the long service leave payment directly to the employee. In Queensland, the PLSL authority is QLeave.

The building and construction industry PLSL scheme operates a service credit system where eligible workers who are registered with QLeave receive one service credit for every day they work, up to a maximum of 220 credits in any financial year. After 2,200 credits are recorded (i.e. equivalent to 10 years' service) workers are entitled to 8.6667 weeks of paid long service leave. There is a capped weekly rate of pay for all PLSL claims that is reviewed annually and currently set at \$1,980 per week. There is no cost to a worker to participate in the scheme and a broad range of trades and jobs qualify a worker as eligible.

The scheme is funded through a levy on all building and construction work performed in Queensland where the total cost of work is \$150,000 (excluding GST) or more. Section 67 of the Act provides that the levy is payable by 'the person for whom the work is to be done'. The levy is collected as per section 66 of the Act along with two other levies – a 0.1% building and construction training levy (the training levy) and a 0.125% work health and safety (WHS) levy. This results in a combined levy rate of 0.475% for projects under \$1.69 billion. Currently the levy rates are subject to a tiered structure which provides a discounted rate for the portion of a project's costs that exceed \$1.169 billion, resulting in a combined levy rate of 0.2375% for project costs over the first \$1.69 billion and nil levy for project costs beyond \$5.845 billion, as set out in Table 1:

Table 1

	Base (\$150K - \$1.169B) %	Second (\$1.169 - \$5.845B) %	Top (over \$5.845B) %
Portable long service leave levy	0.25	0.125	Nil
Building and construction industry training Levy	0.1	0.05	Nil
Work health and safety levy	0.125	0.0625	Nil
Total	0.475	0.2375	Nil

Since its institution, the scheme has grown to encompass 337,854 workers and 18,621 employers (as at 30 June 2018) and paid \$97.8 million in claims over 2017–18. Surveys of employers established a satisfaction rate of 91%.

Over the years there have been gradual changes to both the PLSL levy rate and the cost threshold, although the way in which the levy is calculated remained relatively similar until 2014. Changes which commenced on 1 July 2014 included the introduction of a tiered levy structure which discounted the portion of large projects over particular thresholds as described above, and a change to how leviable building and construction costs for a project are calculated by excluding the GST as a leviable component of costs. At the same time the levy rate was also reduced from 0.3% to 0.25% and the cost threshold at which the levy applied was increased from \$80,000 to \$150,000.

The PLSL Act provides that the QLeave Building and Construction Industry Board’s (the QLeave Board) investigate the sufficiency of the Authority’s funds and the adequacy of the rate of long service leave levy to ensure the scheme’s financial viability to perpetuity at intervals of not more than two years.

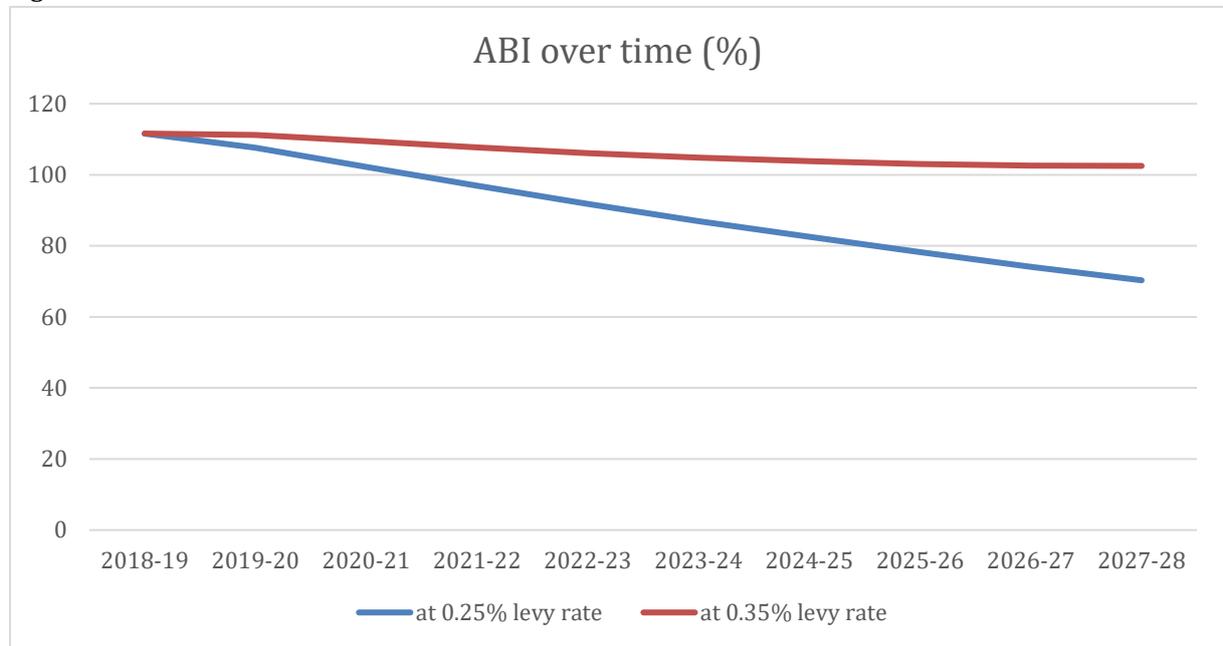
A full actuarial assessment was undertaken in 2017–18 (March 2018) to examine the financial position of the scheme in relation to the long service leave entitlements accrued up to 30 June 2018. That assessment found the scheme was in a sound financial position, with assets above that required to cover Accrued Benefits Liabilities and Vested Benefits. However, that assessment noted future pressures upon the sustainability of the scheme and has projected that the returns on QLeave’s investment portfolio will reduce because of deteriorating economic outlook in the medium to longer term. The forecast of weakening investment returns will impact the PLSL scheme’s accrued liability funding ratio i.e. the ratio of expected income to expected liabilities) known as the Accrued Benefits Reserve Index (ABI), and will leave the scheme exposed to a risk that it will not meet medium to longer term liabilities. That assessment foreshadowed that the QLeave Board would need to consider an increase to the levy to 0.3% from 2021–2022. The QLeave Board’s ABI target range is 105%–120%.

In June 2019, a further actuarial assessment of the fund found that the PLSL scheme remains in a sound financial position however it observed that, because of the 0.25% levy rate and the deteriorating climate for investment returns, the fund’s coverage of its accrued benefit liabilities is projected to decline. The fund’s ABI is projected to fall to 102.7% in the year ending 30 June 2021 and below 100% in the financial years thereafter. The QLeave Annual report 2018-19 notes that the scheme fell below the QLeave Board’s ABI low threshold target of 105% in the third quarter of 2018-19 (104.9%), before recovering in the following quarter, where the ABI for the scheme as at 30 June 2019 (Quarter 4) was 113.13%.

The actuary has recommended the PLSL levy be increased by 0.1% (from 0.25% to 0.35%) by 31 December 2020 to maintain ABI above 100% over the next 10 years.

Figure 1 shows the projected ABI position of the scheme under its existing arrangements with the PLSL levy of 0.25%, and with the PLSL levy at 0.35% as recommended by the actuary:

Figure 1



1.2 Mental Health and Suicide Prevention in the Queensland Building and Construction Industry

Suicide prevention and mental health is a key priority for the Queensland Government under the *Our Future State: Advancing Queensland Priorities*.¹ The *Keep Queenslanders Healthy* priority under this plan has established a goal of achieving a 50% reduction in suicide rates by 2026, as recommended by the National Mental Health Commission's *National Review of Mental Health Services and Programmes* report of December 2015.

The building and construction industry is also known to feature a high rate of suicide and self-inflicted injury when compared to other industries. Young men in the industry aged between 15 and 24 years have a particularly elevated risk with a suicide rate two to three times higher than the general community. The financial costs to government and the social impact of this elevated suicide rate are considerable.

1.3 Consultation on proposals to change the QLeave levy arrangements

On 3 May 2019, the Government issued a consultation regulatory impact statement (RIS) seeking stakeholder feedback on possible changes to the levies established under the Act and the *Building and Construction Industry (Portable Long Service Leave) Regulation 2013* (the Regulation) to best ensure the sustainability of the scheme in the medium to long term.

¹ <https://www.ourfuture.qld.gov.au/healthy-qld.aspx>

In the Consultation RIS, the Government raised certain aspects of the 2014 amendments to give fair and open consideration to their ongoing impact. The options canvassed were (a) re-establishing a single levy structure (i.e. removing the tier levy arrangements based on project cost) (b) reintroducing GST as a leviable component of the cost of building and construction work; and (c) restoring the PLSL levy rate by up to 0.05% (from 0.25% to 0.3%),

It was not proposed to consider returning the threshold at which the levies apply to \$80,000 (from \$150,000), although the re-inclusion of GST would result in some lower value projects which are currently exempt being included in the scheme. This is discussed further in section 3.2.2.

The Queensland Government also took the opportunity to consult with industry on a related proposal for a small increase to the WHS levy to provide dedicated funding for mental health and suicide prevention strategies in the building and construction industry.

This Decision RIS sets out stakeholder feedback to those proposals and the Government's response.

1.4 Policy Objectives

The Queensland Government's primary policy objective for proposals to change the QLeave levy arrangements is to ensure the ongoing financial sustainability of the PLSL scheme for the building and construction industry; and to provide funding for the specific purpose of supporting suicide prevention and improving mental health initiatives for the building and construction industry in Queensland.

2 Response to Consultation

The Queensland Government published a Consultation RIS on 3 May 2019, seeking feedback on proposed changes to Queensland's PLSL scheme for the building and construction industry. Submissions closed on 30 May 2019.

Thirteen formal submissions were received. Of these, ten were from industry and employer associations; one each from Construction Skills Queensland (CSQ) and Suicide Prevention Australia (SPA); and three from employee organisations.

A further 29 individual levy payers provided advice by email.

Additional information was also provided by the following organisations:

- the Housing Industry Association (HIA);
- the Queensland Resources Council (QRC);
- Master Electricians Australia (MEA);
- Master Builders Queensland (MBQ);
- the Queensland Council of Unions (QCU);
- the Plumbers and Pipes Trade Union (Plumbers' Union); and
- QLeave.

The submissions to the Consultation RIS have been published on the OIR website, at <https://www.oir.qld.gov.au/industrial-relations/proposed-changes-qleave-levies-collected-under-building-and-construction-industry-portable-long/submissions-proposed-changes-qleave-levies>.

Stakeholder comments are included throughout the Decision RIS.

3 Options considered

3.1 Tiered levy structure

As identified in the Consultation RIS, the tiered levy structure was introduced in 2014. The tiered levy currently provides for a discounted rate for projects with total costs in excess of \$1.169 billion (tier two) and \$5.845 billion (tier three). Each tier levy threshold is indexed annually by the Consumer Price Index (CPI).

Since 2014, three projects have qualified for the discounted second-tier levy. No project has qualified for the third-tier levy.

Between July 2014 and June 2019, the revenue foregone to the scheme through the imposition of the second-tier levy discount is assessed to have been:

- \$3 million for the PLSL levy;
- \$1.2 million for the training levy; and
- \$722,000 for the WHS levy.

The Consultation RIS proposed three (3) options. Option 1 was to remove the tiered levy structure and restore the structure that was in place prior to the 2014 changes. Option 2 was to keep the tiered levy structure. Option 3 was to amend the tiered levy structure to retain the tiered discount but in an amended form that ensures project proponents do not avoid their financial obligation to the workers constructing their projects.

Responses to the Consultation RIS revealed general support from the majority of respondents for the removal of the tiered levy structure and a return to a single-tier levy arrangement. Employee organisations, employer groups representing the residential and smaller commercial building sectors, and levy payers supported the removal of the tiered levy structure on the basis that the cost burden of the PLSL scheme should be spread as equitably as possible across the industry and over all projects above the threshold limit.

MBQ supported the removal of the tiered threshold: *“Removing the tiered structure will increase the number of projects on which the levy is payable. This will generate additional funds as well as ‘spreading the load’ more equitably across the industry. Currently there is huge degree of cross-subsidisation.”*

The HIA submitted *“HIA is not opposed to reinstating a single base rate for the levies. HIA does support applying the same rate to all projects over \$150,000 particularly given the higher rate of eligibility amongst workers on larger projects.”*

Other industry groups, notably the QRC, did not support the removal of the tiered structure. The QRC submission advised that the tiered levy reduced the disproportionate cost impact on large resource projects that are capital intensive but not labour intensive.

3.1.1 Response

The Government recognises that the return to a single levy structure will increase the burden on capital intensive resource projects. Overall, however, it considers that the cost burden of the PLSL scheme should be spread as equitably as possible across the industry and over all projects above the \$150,000 project cost threshold limit. The Government proposes to amend the Regulation to

remove the tiered levy structure and return to the single PLSL levy arrangement that was in place prior to the 2014 amendment. The Government does not propose to alter the \$150,000 threshold limit in any fashion.

3.1.2 Impact of the proposed change

Restoring the single tier levy rate arrangement that was in place prior to the 2014 amendment will ensure that the costs of the PLSL scheme are spread equitably across all levy payers.

The impact of the removal of the tiered levy arrangement being replaced with a single levy is assessed to have an impact equivalent to a reduction in the PLSL levy of 0.006%, although it should be noted that, due to the infrequency of large and very large projects, additional revenue to be raised each year through those projects is 'lumpy' across years.

Removing the discounted levy rates offered by the tiered structure will cause an increase in levy costs for large and very large projects, however it is unlikely that the loss of the discount rate would threaten the viability of these projects, nor is it considered to be a disincentive for further projects of similar scale. The geographical realities of large resource, energy and infrastructure projects mean that forgoing a reduction in PLSL levy payment is unlikely to become a disincentive to the investment or cause the project to relocate to another jurisdiction.

The removal of the tiered levy structure in favour of a single tier levy structure will also raise additional revenue from the training and WHS levies. Based on data from 2015 it is anticipated additional revenue of \$144,000 from the WHS levy, and \$244,000 from the training levy will be generated on average each year. However, due to the infrequent nature of large and very large projects, this income will not be consistent from year to year.

Additional revenue received from removing the tier two and tier three discounts will also strengthen the PLSL scheme's revenue position and reduce complexity in calculating levy requirements.

3.2 GST as a component of leviable costs

As outlined in the Consultation RIS, the exclusion of GST from the total leviable building and construction costs was also introduced in 2014. This amendment reversed the finding of the Industrial Court of Queensland that the Act (as it was in 2014) intended to include GST in the total leviable costs of building and construction projects.

The Consultation RIS considered reinstating the GST.

Employee organisations supported the reinstatement of GST as a component of assessable project costs.

Employee groups noted that GST is a leviable component in PLSL schemes for the building and construction industries in New South Wales and the Northern Territory where levies are also paid upon costs of work. Additionally, the Building Designers Association of Queensland submitted *"The BDAQ is of the view that re-instating GST in the total project costs should be adopted. This would bring Queensland back in line with other States of Australia"*.

Industry/employer groups and levy payers opposed the reinstatement of the GST stating that it would result in more projects being required to pay the levy and require changes to accounting practices and systems that were introduced following the removal of the GST component in 2014.

The MBQ advised *“The proposal to charge the levy on GST is a tax on a tax. Including GST in the calculation unfairly inflates the total project costs by including costs that are not project liabilities as they will be offset by an input tax credit... Master Builders does not support this change.”* The QRC submitted *“At a policy level, the QRC also considers that including GST when calculating a levy is akin to placing a tax upon a tax.”*

The HIA submitted *“HIA opposes this recommendation. The 2014 changes represented significant cost savings, particularly for small business. HIA supports those cost savings for business. Any legislative changes must be simple, for example, re-introducing the GST into the cost of building and construction work complicates matters at a time when small players are already struggling with the plethora of new business processes the government has introduced.”*

The HIA also noted *“The \$150,000 [lower levy threshold] must not be lowered in real terms... the re-introduction of the GST into the calculation would also lower the current \$150,000 threshold. The Consultation RIS states that this is not the purpose of the review. Logically, if the government was to re-introduce GST than the threshold would have to be raised to \$165,000.”*

The Chamber of Commerce and Industry Queensland (CCIQ) wrote *“CCIQ opposes reinstating GST in the total project costs as this will likely create an additional, disadvantageous costs for smaller businesses or lower value projects currently exempt from the levy.”*

It is estimated that the exclusion of GST as an assessable project cost since 1 July 2014 has resulted in foregone revenue of:

- \$38.7 million for the PLSL levy;
- \$19.3 million for the training levy; and
- \$15.5 million for the WHS levy.

A detailed breakdown of the foregone revenue (by financial year) is provided in Table 2:

Table 2

	Leviable Cost of Work					
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Total
Leviable COW	28,129,140,971	32,499,257,361	33,813,023,690	30,111,367,363	30,165,486,935	154,718,276,320
PLSL 0.25%	70,322,852	81,248,143	84,532,559	75,278,418	75,413,717	386,795,691
WHS 0.125%	35,161,426	40,624,072	42,266,280	37,639,209	37,706,859	193,397,845
CSQ 0.100%	28,129,141	32,499,257	33,813,024	30,111,367	30,165,487	154,718,276
	Leviable Cost of Work including GST					
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Total
Leviable COW + GST	30,942,055,068	35,749,183,097	37,194,326,059	33,122,504,100	33,182,035,628	170,190,103,952
PLSL 0.25%	77,355,138	89,372,958	92,985,815	82,806,260	82,955,089	425,475,260
WHS 0.125%	38,677,569	44,686,479	46,492,908	41,403,130	41,477,545	212,737,630
CSQ 0.100%	30,942,055	35,749,183	37,194,326	33,122,504	33,182,036	170,190,104
	Impact of removing GST					
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Total
PLSL 0.25%	7,032,285	8,124,814	8,453,256	7,527,842	7,541,372	38,679,569
WHS 0.125%	3,516,143	4,062,407	4,226,628	3,763,921	3,770,686	19,339,785
CSQ 0.100%	2,812,914	3,249,926	3,381,302	3,011,137	3,016,549	15,471,828

3.2.1 Response

The Government recognises that reinstatement of GST as an assessable cost would not only provide significant support to stabilising the finances of the PLSL scheme but would provide additional benefits to the building and construction industry via increased revenue to the training and WHS levies. The Government also acknowledges that the GST is a leviable cost in the other comparable 'project cost-based' schemes in New South Wales and the Northern Territory. This must, however, be balanced against the increased cost to all building projects above \$150,000, and the administrative difficulties that will be caused by requiring building contractors to alter their internal accounting systems in order to accommodate the inclusion of the GST as an assessable cost.

The Government notes comments by MBQ and others that the inclusion of the GST in leviable costs constitutes a 'tax on a tax'. While the Government does not consider that a tax and a levy are identical, it notes strong opposition to the charging of fees by one level of government on fees charged by another level.

The Government also acknowledges comments by the HIA that including the GST within the existing building costs threshold of \$150,000 would capture smaller projects not currently the subject of the levy scheme. The Government agrees with the HIA's comments, and notes that reinstatement of GST would lower the effective levy threshold to \$136,400 and disadvantage smaller businesses not currently subject to the PLSL levy scheme. The Government considers it desirable that the levy threshold remain the same in real terms.

Upon consideration of the issues raised through industry consultation, the Government does not propose to reinstate GST as an assessable project cost.

3.3 Dedicated funding for targeted mental health and suicide prevention strategies

The Queensland Government is committed to suicide prevention, recognising the wide ranging and long lasting social and economic impact of suicide. Suicide prevention is a key priority for the Queensland Government under the *Our Future State: Advancing Queensland Priorities*' strategic plan. The *Keep Queenslanders Healthy* priority under this plan has established a goal of achieving a 50% reduction in suicide rates by 2026.

As set out in the Consultation RIS, the risk and incidence of suicide by workers in that sector remains disproportionate to workers in other industries. The industry continues to feature a work-related fatality rate nearly twice the all-industries average,² and which accounted for 13.2% of all serious injury compensation claims in Queensland during 2017–18, and 16.8% of the total claim costs (the highest of any industry).³

In the Consultation RIS the Government proposed two (2) options. Option 1 was to increase the WHS levy collected by QLeave by 0.005% (from 0.125 to 0.13% of leviable costs) with all additional revenue directed to suicide prevention and mental health improvement initiatives in

² Safe Work Australia, *Work-related injury fatalities by industry, 2017*, <<https://www.safeworkaustralia.gov.au/book/work-related-injury-fatalities-key-whs-statistics-australia-2018#work-related-injury-fatalities111111>>.

³ WorkCover Queensland, *Annual Report 2017-2018*, <https://www.worksafe.qld.gov.au/data/assets/pdf_file/0007/164779/Annual-report-2017-2018.pdf>.

the building and construction industry in Queensland. Option 2 was to dedicate a specific proportion of the existing WHS levy revenue to mental health and suicide prevention strategies.

Employee organisations and Suicide Prevention Australia (SPA) supported initiatives that target suicide prevention and assist workers in the building and construction industry to better manage their mental health.

The Queensland Council of Unions (QCU) advised it was *“supportive of the proposal outlined in the Consultation RIS to increase the WHS levy for mental health and suicide prevention initiatives”*.

SPA submitted that it *“...understand[s] that this initiative is the first of its kind in Australia and acknowledge that in proposing this measure the Queensland Government is demonstrating that suicide prevention requires a whole-of-government approach, i.e., that other portfolios, beyond the health department, have a role to play in facilitating suicide prevention measures. This is a very welcome step and aligns with Suicide Prevention Australia’s (SPA) Policy Platform. Although SPA does not have a view on either of the proposed levy mechanisms to achieve the mental health and suicide prevention objective, it is important that the funding is quarantined for the specific purpose as set out in the RIS.”*

Industry and employer organisations also acknowledge the importance of mental health and suicide prevention initiatives in the industry, however did not support an increase in the WHS levy, preferring that the funds be drawn from the Government’s consolidated revenue fund. The Urban Developers Institute of Australia (UDIA) submitted *“The Institute proposes an alternate approach whereby necessary funding be provided from general revenue, as is the case in most other industries. Among the advantages of this more standard approach, a clear benefit is that this mechanism would protect the funding stream from the cyclical nature of the property industry’s activity levels.”*

The Ai Group responded *“Any increase to the WHS levy to include dedicated funding for mental health and suicide prevention strategies in the construction industry is not appropriate. As indicated, we do not accept that the specific mental health component should result in an increase of the levy. Ai Group’s view is that this is something the Government should be looking at a holistic manner rather than a piecemeal industry by industry approach. The issue is too important and complex to be dealt with in this manner.”*

Submissions from the MEA and others raised the possibility of an unintended consequence of the increase in the WHS levy being a reduction in direct industry funding for specific mental health initiatives. *“MEA supports option 2, that is, funding to remain but that dedicated funds be set aside. The WHS Contribution that industry makes to its own WHS resource is unique in Australia. The increase in funding may also have other unintended consequences whereby current employers who are providing services will withdraw their efforts on the basis that the Qld Government and any related supplier of delivery will be solely responsible.”*

The HIA and some smaller levy payers submitted that mental health initiatives are not being directed to smaller businesses (i.e. targeting only the larger commercial sector). The HIA advised that existing industry programs like Mates in Construction do not have a presence on smaller residential projects as they would reach only comparatively few workers and that a dedicated hotline or program would be a better option for engaging with HIA members.

MBQ and CCIQ also noted that removing the tiered levy structure (if carried through) would also raise the WHS levy revenue. MBQ wrote *“There is no justification for increasing the current Workplace Health and Safety levy to provide additional funding. Removing the tiered structure for*

the levies would increase the funds available for these programs. Master Builders does not support increasing the Workplace Health and Safety levy.”

The CCIQ wrote “*CCIQ wholeheartedly advocates for mental health support and suicide prevention within the industry however it does not endorse an increased levy as the best-practice solution. This is because increasing costs on all levy payers has the potential to disadvantageously impact smaller to medium size projects through decreasing funding available to hire additional workers. Alternatively, CCIQ supports Option 2 – Dedicate a specific proportion of existing WHS levy revenue to mental health and suicide prevention strategies. CCIQ elects this as the preferable option as it does not place additional strain on small and medium projects... This measure in combination with removal of the tiered structure, should result in available, increased funds for mental health support and suicide prevention.*”

3.3.1 Response

The Government acknowledges the general support of stakeholders in supporting suicide prevention and mental health initiatives in the building and construction industry, and across all industries in Queensland. The Government also notes the strong preference expressed by industry stakeholders for mental health and suicide prevention activities within the industry to be funded from consolidated revenue rather than an increase in the WHS levy.

The Government notes the comments of the CCIQ and the MBQ that the removal of the tiered levy structure would increase the funds generated through the WHS levy. Consequently, no discount being available to large and very large projects. While this is true, the Government notes that the removal of the tiered structure is expected to bring in only an additional \$144,000 on average per year, based on data since 2015, and that this figure will not be consistent from year to year due to the infrequency of such large and very large projects. As pointed out by the UDIA, however, the same is true of building and construction industry activity levels. Any increased WHS levy could not be guaranteed to consistently provide the level of funding that the Government seeks.

Upon consideration of the issues raised through consultation, the Government does not propose to increase the WHS levy. Instead, the Government proposes to further explore ways to fund suicide prevention and mental health initiatives in the building and construction industry in Queensland.

3.3.2 Impact of the proposed changes

The Government will investigate alternative ways to fund initiatives that reduce the incidence of suicide and improve mental health outcomes for workers in the building and construction industry in Queensland.

3.4 Increased portable long service leave levy rate

The PLSL levy rate was reduced in 2014 from 0.3% to 0.25%.

As noted in section 1.1, the scheme is currently in a sound financial position, with assets more than required to cover Accrued Benefits Liabilities and Vested Benefits. As at 30 June 2019, the scheme has assets of \$1.016 billion and liabilities of \$910.79 million. However, the QLeave Board actuary has noted future pressures upon the sustainability of the scheme, from the decline in its income following the reduction of the PLSL levy in 2014 and a weakening investment return outlook. In response, QLeave is pursuing measures to improve the fund's revenue performance, such as pursuing additional compliance activities which have bolstered income in 2018–19 by more than \$5 million; a revised investment policy which will seek to address underperforming

assets; and operational efficiencies. However, these initiatives will not be enough to ensure that the fund's assets will cover its liabilities if the PLSL levy remains at 0.25% and the economic outlook for investment returns remains weak.

The Consultation RIS proposed raising the base PLSL levy rate, to a maximum of 0.3% of total assessable costs. The Consultation RIS estimated that, if a full 0.5% increase to the PLSL levy was reinstated, annual revenue to the scheme would be increased by approximately \$15.5 million per year, based on historical figures. This is in the context of an estimated \$42 billion of building and construction work QLeave has projected will take place in 2019–20.

Employee organisations supported an increase to the PLSL levy to ensure the sustainability of the scheme in the medium to long term.

While industry and employer groups generally acknowledged that the sustainability of the scheme is in the best interests of the industry, they are opposed any increase in the levy. Several respondents noted that the Consultation RIS did not make a strong enough case for an increase in the PLSL levy.

The Ai Group submitted *“The QLeave report for 2017-18 shows that the scheme is financially sound. In light of this, Ai Group does not support any increase to the levy.”*

The MBQ submitted *“There then needs to be robust evidence of the amount needed to ensure the long-term sustainability of the scheme. The most recent actuarial work must be the starting point for any change to the levy. In the absence of the clear evidence, Master Builders does not support an increase to the levy”.*

QLeave advise it is pursuing measures to delay and reduce the need for a levy increase, however these measures will not be enough to avoid the requirement to increase the PLSL levy to ensure the medium to long term sustainability of the fund. These measures include additional compliance activities; a revised Investment approach which will address underperforming assets and savings through operational efficiencies. Compliance activities have contributed \$3.78 million toward a total of \$76.5 million levy income for 2017–18 and compliance activities in 2018–19 have identified an additional \$6.1 million. These activities are bolstering revenue income and are anticipated to continue in 2019–20.

However, the Government notes that, while representing an increase of 5–8% in PLSL levy revenue, this is not considered sufficient to stabilise the finances of the PLSL scheme.

3.4.1 Response

The Government notes the recommendation of the QLeave actuary to increase the PLSL levy to by 0.1% to 0.35% by 31 December in 2020, as well as the analysis that increasing the PLSL levy rate to 0.35% (with no other charges) is projected to maintain the fund with an ABI coverage above 100% for the next 10 years (i.e. until 2028). While acknowledging the response from industry stakeholders against increases in industry costs, the Government proposes that the PLSL levy rate be increased from 0.25% to 0.35% of assessable project costs, as recommended by the QLeave actuary. The Government notes that this is a greater increase than was proposed in the Consultation RIS however it is considered appropriate to respond to the latest actuarial advice of the QLeave Board to ensure the sustainability of the scheme and provide a stable levy rate around which the building and construction industry can plan.

The additional cost impact of an increased PLSL levy rate on different sized projects (with project costs calculated excluding GST) is outlined in Table 5:

Table 5

	\$300,000 project	\$1 million project	\$200 million project	\$1 billion project
Current PLSL levy payment (0.25%)	\$750	\$2,500	\$500,000	\$2,500,000
Increased PLSL levy payment (0.35%)	\$1,050	\$3,500	\$700,000	\$3,500,000
Additional levy (% increase)	\$300 (40%)	\$1,000 (40%)	\$200,000 (40%)	\$1,000,000 (40%)

Following the increase, the QLeave Board will continue to monitor and advise the Government on the scheme's ongoing performance, including its other initiatives to improve revenue through compliance activities, the '4-year rule' cancellation process (to review eligible worker registrations) and its response to underperforming investment assets.

4 Impact of Government's changes

The impact of the proposed restoration of the single-tier levy arrangement and an increase in the base PLSL levy rate to 0.35% of assessable costs is an estimated \$30.2 million per year to the scheme's total PLSL revenue (based on 2018-19 performance).

These changes respond to the actuarial advice provided to the QLeave Board to ensure the sustainability of the scheme. Removing the tiered levy structure will provide additional revenue each year from the training levy to CSQ (approximately \$244,000) and the WHS levy to the Consolidated Fund (approximately \$144,000).

The Government is sensitive to the impact of cost increases in the building and construction sector but does not anticipate that the application of the changes will be a deterrent to the commencement of projects.

Table 6 sets out the combined impact of these changes on different sized projects:

Table 6

COMBINED IMPACT OF CHANGES	Levy payable by project size			
	Small project (\$300K)	Medium Project (\$1M)	Larger Project (\$200M)	Very Large Project (\$1B)
STATUS QUO (combined current levy of 0.475%, excluding GST)	\$1,425	\$4,750	\$950,000	\$4,750,000
PREFERRED OPTION (combined increased levy rate of 0.575%, excluding GST)	\$1,725	\$5,750	\$1,150,000	\$5,750,000
INCREASE FROM STATUS QUO	\$300 (21%)	\$1,000 (21%)	\$200,000 (21%)	\$1,000,000 (21%)

The increase of the combined changes on the scheme's total revenue (based on 2018-19 figures) is set out in Table 7:

Table 7

		Total revenue (based upon 2018-19)
Total cost of work, 2018-19		\$51,091,798,999
Leviable cost of work (excluding GST)		\$30,165,486,935
STATUS QUO (combined current levy of 0.475%, excluding GST, with tiered structure)		\$143,286,063
PREFERRED OPTION (combined increased levy rate of 0.575%, excluding GST, without tiered structure)		\$174,450,556
Consisting of	Training levy	\$30,409,636
	WHS levy	\$37,851,344
	PLSL levy	\$106,189,576
INCREASE FROM STATUS QUO		\$31,164,493 (21.7%)
Consisting of	Training levy	\$244,149
	WHS levy	\$144,485
	PLSL levy	\$30.8 million

5 Conclusion and recommended option

Following consideration of stakeholder submissions and other representations, the Government will pursue the following actions:

1. return to a single PLSL levy arrangement (i.e. the removal of the tiered PLSL levy structure) to be applied to all building and construction projects in Queensland where the costs of works are \$150,000 (excluding GST) or more (Option 1)
2. make no change to the current exclusion of the GST as a component of the leviable cost of works;
3. increase the PLSL levy rate by 0.1% from 0.25% of assessable project costs to 0.35% (Option 1); and
4. investigate alternative ways to fund initiatives that reduce the incidence of suicide and improve mental health outcomes for workers in the building and construction industry in Queensland.

6 Consistency with fundamental legislative principles

No conflicts with fundamental legislative principles were identified during consultation.

While the proposed changes to the QLeave PLSL levy and tier structure impose an increased cost on levy payers in the building and construction industry, the benefits from the changes are considered to balance those increased costs. Increasing the PLSL levy will stabilise the finances of a scheme that is highly regarded by both employers and employees within the industry. Removing the tiered levy structure will broaden the scheme's revenue base, further bolstering its funding position and will also reduce complexity and administrative overhead.

7 Consistency with COAG competition principles

As these levy changes are spread across all levy payers in the building and construction industry, there is not expected to be any restriction of competition.

8 Implementation, compliance support and evaluation strategy

8.1 Implementation

The Government proposes to amend the Regulation to give effect to the proposed changes in July 2020.

An awareness and engagement strategy will be undertaken to advise all stakeholders of the changes in advance of those coming into effect. QLeave will provide advice to levy payers affected by the changes.

8.2 Compliance

QLeave will retain responsibility for compliance with the provisions of the Act.

8.3 Evaluation

Regular actuarial advice will continue to be provided to monitor the ongoing financial stability of the PLSL scheme, in line with the QLeave board's statutory obligations under section 35 of the Act.

The QLeave Board will continue to monitor and report to the Government on the performance of the scheme, along with the impact of the PLSL, training and WHS levies in accordance with its obligations under the Act.

List of submissions

1. Housing Industry Association
2. Queensland Resources Council
3. Master Electricians Australia (Qld)
4. Master Builders Queensland
5. Construction Skills Queensland
6. Suicide Prevention Australia
7. Building Designers Association of Queensland
8. Australian Manufacturing Workers Union
9. Chamber of Commerce and Industry Queensland
10. Australian Industry Group
11. Urban Development Institute of Australia
12. National Electrical and Communications Association
13. Australian Petroleum Production and Exploration Association.

The submissions to the Consultation RIS have been published on the OIR website, at <https://www.oir.qld.gov.au/industrial-relations/proposed-changes-qleave-levies-collected-under-building-and-construction-industry-portable-long/submissions-proposed-changes-qleave-levies>.

Stakeholder Feedback – summary of comments

Remove tiered levy structure

SPECIFIC STAKEHOLDER FEEDBACK

Tiered Levy Structure.

Master Builders Queensland (MBQ)

- MBQ supports the removal of the tiered threshold: *“Removing the tiered structure will increase the number of projects on which the levy is payable. This will generate additional funds as well as ‘spreading the load’ more equitably across the industry. Currently there is huge degree of cross-subsidisation.”*
- *“We support expanding the scope of the QLeave levies to cover all projects over \$80,000... The 2014 decision to raise the threshold from \$80,000 to \$150,000 and to provide concessions for major projects was inequitable. The concessions to these small and major projects has left the rest of the industry to bear the cost.”*

Housing Industry Association (HIA)

- *“HIA is not opposed to reinstating a single base rate for the levies.”*
- *“HIA does support applying the same rate to all projects over \$150,000 particularly given the higher rate of eligibility amongst workers on larger projects.”*

Queensland Resources Council (QRC)

In relation to the 2014 changes:

- *“As explained previously, agreement on the tiered approach was intended to address concerns that large resources projects with high capital equipment costs were subject to excessive levies that bore no relationship to the forecast future capital requirements of the QLeave PLSL fund for eligible workers. Prior to the 2013–14 changes, the QLeave scheme effectively required capital intensive resources projects to cross-subsidise other projects that incurred a higher proportion of costs from hiring the people that are eligible to access the PLSL scheme.*
- *“The QRC is concerned that representing these changes the way the RIS does could lead to the unwarranted and incorrect conclusion that it is our industry which has put the sustainability of the scheme at risk, if in fact it is actually at risk since this is not demonstrated in the RIS.”*
- *“The QRC believes that responses to the RIS supporting removing the tiered approach do not mean that the reasoning behind its introduction was invalid; nor do they mean they mean that the basis for any subsequently amended model will be fairer and more reasonable.”*

SPECIFIC STAKEHOLDER FEEDBACK

- In discussions with QRC, the Office of Industrial Relations (OIR) confirmed that no consideration is being given to reversing many of the other 2014 changes that have reduced the cost impact on resource projects – namely omitting operational resource work from the definitions of leviable building and construction work and eligibility of mining workers.

Individual levy payers

- *“Where is the rationale and justification for large projects paying a reduced rate, surely the big projects are the ones who need the mobile workers, and these are the people the scheme is designed to help.”*
- *“The system is setup for small industry to fund the largest because the rates of QLeave diminish according to project cost. I believe that large projects attract the same level of QLeave benefits (i.e. large construction projects proportionately require higher number of construction personnel). By having a tiered rate structure that depends on project size discriminates against smaller construction projects”*
- *“I suggest that you look to alternatives rather than burdening the small builders with price increases and have the large commercial builders, who are currently exempt brought back into the equation.”*

Master Electricians Australia (MEA)

- *“The MEA opposes any change being made to the current levy.”*
- In discussions with OIR, the MEA advised the removal of the tiered structure would not affect electrical contracting businesses.

Australian Industry Group (Ai Group)

- *“The removal of the tiered levy structure will likely result in unintended consequences... We do not accept there is a demonstrated need to remove or amend the tiered levy structure.”*

Chamber of Commerce and Industry Queensland (CCIQ)

- *“CCIQ advocates for the abolishment of the existing structure as it places undue strain on smaller size projects and will continue to do so if the status quo is maintained.”*

National Electrical and Communications Association (NECA)

- *“NECA is **opposed** to any changes to the existing levies.”*

Urban Developers Institute of Australia

SPECIFIC STAKEHOLDER FEEDBACK

- *“The Institute recommends no increase in the Portable Long Service Leave levy or by GST costs or by tier arrangements.”*

Building Designers Association of Queensland

- *“The BDAQ is of the view that “Option 2 – Keep the tiered levy structure” should be adopted. This would bring Queensland back in line with other States of Australia.”*

Queensland Council of Unions (QCU)

- *In discussions with OIR, the QCU advised it supported the removal of the tiered levy structure as larger projects should be subject to the same levy rate.*

Australian Manufacturing Workers Union

- *“The AMWU is satisfied with the proposed changes to levies payable towards the QLeave fund”*

Plumbers and Pipe Trades Union (Plumbers Union)

- *“Plumbers Union is in favour of reversing the 2014 changes to return the levy structure to its previous state as proposed in the Consultation RIS*

Increase PLSL Levy

SPECIFIC STAKEHOLDER FEEDBACK

PLSL levy increase

Ai Group

- *“The QLeave report for 2017-18 shows that the scheme is financially sound. In light of this, Ai Group does not support any increase to the levy.”*

Master Electricians Australia (MEA)

- *The RIS has failed to identify a clear case being made by the QLeave Board or the Office of Industrial Relations (OIR) for an increase in the QLeave levy.”*
- *“MEA has also reviewed the 2017/18 annual financial report and sees that the reported assumptions and earnings are within the expected range. There are no warnings of significant note that would demonstrate a need to increase the fund.”*

SPECIFIC STAKEHOLDER FEEDBACK

- *“Given our concerns regarding the veracity of this analysis and the ACIF reports that residential building and construction for at least the next 2 years is look at a 6.6 and 4% reduction year on year. MEA opposes the increasing of the PLSL rate.”*

Master Builders Queensland (MBQ)

- *“There then needs to be robust evidence of the amount needed to ensure the long-term sustainability of the scheme. The most recent actuarial work must be the starting point for any change to the levy. In the absence of the clear evidence, Master Builders does not support an increase to the levy.”*

Housing Industry Association (HIA)

- *“In HIA’s view that the case for a levy increase on construction work has not been adequately made-out.... HIA does not support increasing the PLSL levy. We note that if the construction activity improves then the amount of the levy collected will also improve due to increased construction activity.”*

Individual levy payers

- *“The last time I looked at figures that were produced to do with the PLSL, there was general embarrassment with how much was being generated by this levy.”*
- *“It seems hard to believe that the fund has not accumulated adequate funds since its inception to cover the possible claims even in the event only the aforementioned is considered. I note the document does not provide any information related to total equity vs claims to date.”*
- *“We thought the QLeave payment was very expensive, particularly when combined with the QBCC levy.”*
- *“As a small business owner and operator in the Building and Construction Industry we are already struggling with the burden of continual price increases in supply and wages. We do not have the buying power of the big commercial project builders and therefore already our expenditure on a project is higher than the either the large residential project builders or the large commercial builders. The impact of increasing the current levy just adds to this burden which is passed onto the customer which will eventually put us out of the market in favour of the large project builders.”*
- *“It is a fantastic scheme, but the establishment costs of a building project MUST be kept down.”*

National Electrical and Communications Association (NECA)

- *“NECA is **opposed** to any changes to the existing levies.*

Urban Developers Institute of Australia

- *“The Institute recommends no increase in the Portable Long Service Leave levy or by GST costs or by tier arrangements.”*

Building Designers Association of Queensland (BDAQ)

SPECIFIC STAKEHOLDER FEEDBACK

- *“The BDAQ is of the view that the long service leave levy rate should remain as it is. The current rate in conjunction with the project threshold of >\$150k is more than enough.”*

Queensland Council of Unions (QCU)

- In discussions with OIR, the QCU advised it was supportive of a levy increase to restore the financial viability of the fund.

Australian Manufacturing Workers Union (AMWU)

- *“The AMWU is satisfied with the proposed changes to levies payable towards the QLeave fund”*

Plumbers and Pipe Trades Union (Plumbers Union)

- *“Plumbers Union is in favour of reversing the 2014 changes to return the levy structure to its previous state as proposed in the Consultation RIS.”*

Proposed inclusion of GST in leviable project costs

SPECIFIC STAKEHOLDER FEEDBACK

Reinstatement of GST

Ai Group

- *“Ai Group does not support the inclusion of the GST in leviable costs on the basis that this would increase costs and result in small operators that are not currently covered by the scheme.”*

Master Electricians Australia (MEA)

- *“The RIS suggestion to include GST in the threshold, will affect consumers in the owner/occupier space which is a significant source of income for builders and electrical contractors. More pressure on costs will have a disproportionately large impact on curtailing activity in the industry.”*
- *“The MEA opposes the imposition or reintroduction of GST into the calculation... owner occupiers, small builders and renovations are done by private consumers and as such cannot claim back the GST.”*

SPECIFIC STAKEHOLDER FEEDBACK

Master Builders Queensland (MBQ)

- *“The proposal to charge the levy on GST is a tax on a tax. Including GST in the calculation unfairly inflates the total project costs by including costs that are not project liabilities as they will be offset by an input tax credit... Master Builders does not support this change.”*

Queensland Resources Council (QRC)

- In discussions with OIR, the QRC did not express a strong preference for raising the levy rate over including GST (or vice versa) but its written submission provided a good summary of how including GST would be a complicated change for levy payers to adapt to.
- *“The levy should be both simple to calculate and simple to comply with to minimise administration for both payers and the QLeave staff who audit the levy payers.”*
- *For businesses who pay the levy, accounting standards require that costs and capital items are recorded in accounts net of any GST input tax credit available. The exclusion of GST from the cost base allows project proponents to easily examine their records and identify project costs for QLeave purposes. To include GST would require examination of the individual amounts, for example to separate items which do not attract GST (such as salary and wages, government charges etc) from those which do attract GST. Such an approach would significantly increase complexity for the benefit of what appears to be a marginal increase in the levy base.”*
- *“At a policy level, the QRC also considers that including GST when calculating a levy is akin to placing a tax upon a tax.”*

Housing Industry Association (HIA)

- *“Any legislative changes must be simple, for example, re-introducing the GST into the cost of building and construction work complicates matters at a time when small players are already struggling with the plethora of new business processes the government has introduced.”*
- *“HIA opposes this recommendation. The Consultation RIS provides little to justify the proposed change... The 2014 changes represented significant cost savings, particularly for small business. HIA supports those cost savings for business.”*
- *“The \$150,000 must not be lowered in real terms... the re-introduction of the GST into the calculation would also lower the current \$150,000 threshold. The Consultation RIS states that this is not the purpose of the review. Logically, if the government was to re-introduce GST than the threshold would have to be raised to \$165,000.”*
- *“Whilst we note the distinction between the GST and a levy it is all money coming out of actual building work in the construction industry.”*

Chamber of Commerce and Industry Queensland (CCIQ)

- *“CCIQ opposes reinstating GST in the total project costs as this will likely create an additional, disadvantageous costs for smaller businesses or lower value projects currently exempt from the levy.”*

National Electrical and Communications Association (NECA)

- *“NECA is **opposed** to any changes to the existing levies.”*

SPECIFIC STAKEHOLDER FEEDBACK

Individual levy payers

- *“Taxes imposed is the number one cost on housing and makes it justly unaffordable. Everyone thinks the developers make all the money, we make \$50-\$75k per new \$450,000 dwelling and take all the risk.”*
- *“Levy should be calculated on the attributable Direct Value Costs ONLY Excluding GST otherwise the industry will see this as a money grab by the government forcing even greater costs onto projects. “*
- *“I would rather the threshold and/or levy rate changed, then re-introducing GST.”*
- *“The overall costs that both tiers of government impose on our small business is sending us broke! Take for one GST, which we need to engage an accountant to do every quarter.”*

Urban Developers Institute of Australia

- *“The Institute recommends no increase in the Portable Long Service Leave levy or by GST costs or by tier arrangements.”*

Building Designers Association of Queensland

- *“The BDAQ is of the view that re-instating GST in the total project costs should be adopted. This would bring Queensland back in line with other States of Australia “*

Queensland Council of Unions (QCU)

- In discussions with OIR, the QCU took the view that GST never should have been removed, as it was clearly intended that it be part of leviable costs.

Australian Manufacturing Workers Union (AMWU)

- *“The AMWU is satisfied with the proposed changes to levies payable towards the QLeave fund.”*

Plumbers and Pipe Trades Union (Plumbers Union)

- *“Plumbers Union is in favour of reversing the 2014 changes to return the levy structure to its previous state as proposed in the Consultation RIS.”*

SPECIFIC STAKEHOLDER FEEDBACK

Dedicated funding for suicide prevention and mental health initiatives and WHS levy increase

Suicide Prevention Australia

- *I understand that this initiative is the first of its kind in Australia and acknowledge that in proposing this measure the Queensland Government is demonstrating that suicide prevention requires a whole-of-government approach, i.e., that other portfolios, beyond the health department, have a role to play in facilitating suicide prevention measures. This is a very welcome step and aligns with Suicide Prevention Australia's (SPA) Policy Platform.*
- *"Although SPA does not have a view on either of the proposed levy mechanisms to achieve the mental health and suicide prevention objective, it is important that the funding is quarantined for the specific purpose as set out in the RIS."*

Housing Industry Association (HIA)

- *"There are many organisations, and a growing number of statutory bodies, that support mental health in one form or another...The money flowing from state and federal governments, statutory bodies and the private sector is significant and appears to be growing."*
- *"HIA would urge caution when considering an increase in the WHS levy in order to fund activities targeted at mental health. While a worthy cause, existing arrangements would seem appropriate."*
- *In discussions with OIR, HIA also noted that it already provides funding to initiatives such as Beyond Blue, which in turn funds Mates in Construction, and that Construction Skills Queensland also funds Mates in Construction. HIA also advised that existing industry programs like Mates in Construction do not have a presence on smaller residential projects as they would reach only comparatively few workers and that a dedicated WHSQ hotline or program would be a better option for engaging with HIA members.*

QRC

- *"The QRC supports the provision of mental health service to reduce the potential for suicide in the workforce, and many QRC member companies run suicide prevention another mental health awareness programs...we note that the related Mates in Mining program also operates successfully in the Queensland coal mining industry. While the case for suicide prevention is important, the QRC is concerned the proposal might set a precedent for the Government seeking to introduce additional levies for other purposes, or for diverting funds raised through the levy for other general-purpose expenditure."*
- *"It is also not entirely clear, since the options discussed in the RIS relate to WH&S levy revenue, to what extent the proposal will apply to the resources projects undertaken by our membership."*

SPECIFIC STAKEHOLDER FEEDBACK

Master Electricians Australia (MEA)

- *“MEA supports option 2, that is, funding to remain but that dedicated funds be set aside. The WHS Contribution that industry makes to its own WHS resource is unique in Australia. The increase in funding may also have other unintended consequences whereby current employers who are providing services will withdraw their efforts on the basis that the Qld Government and any related supplier of delivery will be solely responsible.”*
- *“Suicide and its prevention is relevant in all industries as the Suicide Action plan explains however there are many other groups that work and are within all industries in need of resources from OIR”*
- *“MEA also has concerns that the OIR rather than developing internal resources and activities will simply be a fund / grant manager of the additional WHS fee. This adds no value to the industry or to Queensland workplaces in general. MEA is concerned that the intellectual property of programs and resources will not be owned by Queensland tax payers.”*

Master Builders Queensland (MBQ)

- *“There is no justification for increasing the current Workplace Health and Safety levy to provide additional funding. Removing the tiered structure for the levies would increase the funds available for these programs. Master Builders does not support increasing the Workplace Health and Safety levy.”*
- In discussions with OIR, MBQ advise that while it supports the work of Mates in Construction, it does not believe that a case exists for additional funding.

Chamber of Commerce and Industry Queensland (CCIQ)

- *“CCIQ wholeheartedly advocates for mental health support and suicide prevention within the industry however it does not endorse an increased levy as the best-practice solution. This is because increasing costs on all levy payer has the potential to disadvantageously impact smaller to medium size projects through decreasing funding available to hire additional workers.”*
- *“Alternatively, CCIQ supports Option 2 – Dedicate a specific proportion of existing WHS levy revenue to mental health and suicide prevention strategies. CCIQ elects this as the preferable option as it does not place additional strain on small and medium projects... This measure in combination with removal of the tiered structure, should result in available, increased funds for mental health support and suicide prevention.”*

Individual levy payers

- *“As a small operator, we don’t see anything coming back to us to help with WHS, when attending meetings, we are only every told if we don’t do this, or don’t do that we will be given demerit points, or hefty fines. Where is the assistance and where is the money going? The bigger company’s cause more stress on the workers down the line than any of the small operator’s and therefore should contribute to the Levy for the overall good of the industry.”*
- *“I support the proposed increase in the levy providing the mental health proposals actually proceed.”*

SPECIFIC STAKEHOLDER FEEDBACK

Ai Group

- *“Any increase to the WHS levy to include dedicated funding for mental health and suicidal prevention strategies in the construction industry is not appropriate. These are of course important issues that deserve substantial Government funding to address the issues across all industries. Many large employers are already providing substantial assistance and support for these issues”.*
- *“As indicated, we do not accept that the specific mental health component should result in an increase of the levy. Ai Group’s view is that this is something the Government should be looking at a holistic manner rather than a piecemeal industry by industry approach. The issue is too important and complex to be dealt with in this manner.”*

National Electrical and Communications Association (NECA)

- *“In regards to the proposal to increase the WHS levy to fund specific suicide prevention strategies, NECA would also be opposed... NECA notes that the existing money collected by the WHS levy is paid into the Government’s consolidated fund. NECA considers it therefore incumbent on the Government to dedicate a component part of the monies already collected through the WHS levy to be paid directly to Workplace Health and Safety Queensland for priority health and safety strategies, such as suicide prevention.”*

Urban Developers Institute of Australia

- *“The Institute proposes an alternate approach whereby necessary funding be provided from general revenue, as is the case in most other industries. Among the advantages of this more standard approach, a clear benefit is that this mechanism would protect the funding stream from the cyclical nature of the property industry’s activity levels.”*

Building Designers Association of Queensland (BDAQ)

- *“The BDAQ is fully supportive of targeted mental health and suicide prevention strategies however we do not believe that the QLeave Levy should be used to fund this item. It would be preferred if this cost was supplemented by other government revenue streams. “*

Queensland Council of Unions (QCU)

- In discussions with OIR, the QCU advised it was supportive of the proposal outlined in the Consultation RIS to increase the WHS levy for mental health and suicide prevention initiatives.

Australian Manufacturing Workers Union (AMWU)

- *“The AMWU is satisfied with the proposed changes to levies payable towards the QLeave fund.”*

SPECIFIC STAKEHOLDER FEEDBACK

Plumbers and Pipe Trades Union (Plumbers Union)

“Plumbers Union is in favour of reversing the 2014 changes to return the levy structure to its previous state as proposed in the Consultation RIS.”