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Portable Long Service Leave

Background

The not-for-profit health and community services sector employs over 35,000 people in South Australia,¹ but despite their role in caring for and supporting the most vulnerable and disadvantaged people in our community, for many sector workers, their employment is precarious. Based on Commonwealth ACNC data, SACOSS estimates that around 30% of the sector workforce are employed as casuals, while many of the full-time and part-time workers are on fixed term contracts.

This employment model reflects the major funding sources for the sector, both government and philanthropic, which are either short term contracts for particular projects, or fixed term service agreements subject to new tenders where the outcomes are uncertain. Further, the move away from block-funding of services to more consumer-driven funding in the NDIS and other community services, while enhancing choice for service users, has increased the precariousness of funding and therefore employment.

The result of this funding and employment model for many sector workers is that they either move on to other employment at the end (or before the end) of fixed term contracts, or change employers as different organisations win or lose service tenders. However, this constant changing of contracts and employers means that these project and casual workers lose benefits each time they are forced to change employment because the existing long service leave legislation ties the entitlement to working for a single employer. Their time of “continuous service” is started over with each new job and some never get the respite of long service leave despite years of service to the South Australian community.

This model of long service leave is simply not appropriate where a sector is dominated by short term contracts, job changes and casualised employment.

The South Australian government has recognised the precarious employment community services in its support of an employment exchange platform to facilitate job migration across the sector. While facilitating such re-employment is useful, with each move the employees still lose the recognition of their years of service.

¹ Based on the Australian Charities Data 2018 Report <https://www.acnc.gov.au/node/5806877>. The figure is probably an underestimate as it only counts employees working for SA registered charities in the sector. It doesn't include sector employees working in SA for inter-state registered charities.

Policy Response

Portable long service leave schemes are designed to provide benefits to employees in industries characterised by insecure work and high mobility between employers to bring them closer in line with industries with more secure employment models. The schemes are legislated to allow workers to accumulate long service leave entitlements based upon their continuous service in an industry, rather than with a single employer.

South Australia introduced portable long service leave entitlements for the construction industry in 1997 and each state and territory has a similar scheme for the construction industry. The ACT, Victoria and most recently Queensland have now also introduced such schemes for the community services sector, and a similar scheme is under consideration in the Northern Territory. The details of each scheme vary slightly in terms of eligibility and administration, but essentially they define community services work and provide for long service leave to continuous employment in that work in the sector.

Beyond simply providing an entitlement to “enjoy the sustained break that is afforded by a long service leave entitlement and is accessible to workers in other industries”, the Queensland government noted that the scheme would:

- Reward the dedication of workers to what is often challenging and demanding work;
- Provide an avenue for workers to seek respite and recuperation from work that is often physical and emotionally demanding;
- Provide a further incentive for highly skilled, experienced and qualified workers to remain within the sector rather than seek work in better remunerated industries;
- Help build workforce capacity by facilitating the transfer of applicable skills and experience as workers can move more easily between different sub-sectors.

For the construction industry schemes, government provided seed funding until the schemes became self-funding. The details of scheme design and funding arrangements for a community services portable long service leave scheme in South Australia will need to be considered, but we now have several interstate models to use as a template. In most of these states the development of the scheme was preceded by a government study of scheme design and administration, with actuarial advice on the costs and numbers of workers benefitting.² The same sort of study is needed in South Australia. This could be done by the Productivity Commission or by Treasury and would provide the basis for the development of a detailed proposal and legislation.

SACOSS Proposal

1. That the government commit immediately to the development of a feasibility study for a portable long service leave scheme for community services in South Australia.
2. That, subject to the outcome of that study, all parties commit in principle to the development and legislation of a community services portable long service leave scheme during the next parliament.

² See for instance Queensland’s report: https://www.oir.qld.gov.au/sites/default/files/decision-ris-portable-long-service-leave-scheme-social-community-services-sector.pdf?acsf_files_redirect.