



Queensland

Building and Construction Industry (Portable Long Service Leave) Amendment Regulation (No. 1) 2008

Explanatory Notes for SL 2008 No. 259

made under the

*Building and Construction Industry (Portable Long Service Leave)
Act 1991*

Title

*Building and Construction Industry (Portable Long Service Leave)
Amendment Regulation 2008*

Authorising Law

Part 8, section 72 and part 10, section 112 of the *Building and Construction Industry (Portable Long Service Leave) Act 1991* (the Act).

Objectives of the Amendment

The objective of the amendment is to increase the long service leave levy rate from 0.125% to 0.2% of the cost of building work in order to ensure that adequate funds exist to meet the long-term liability for payment of long service leave entitlements to workers in the industry as prescribed by the Act.

Reasons for the Amendment

The Building and Construction Industry (Portable Long Service Leave) Authority (the Authority) administers the Act and commissions regular independent actuarial assessments of the adequacy of its funds to meet its functions. The most recent evaluation (as at 30 June 2007) resulted in the recommendation to increase the long service leave levy rate to 0.2% on the basis of a rise in the long term cost of workers' entitlements. The Actuary attributed the rise in cost to multiple factors including that over the next ten years the average length of time individuals will work in the industry is expected to increase. Additionally, factors such as significant rises in wage rates in recent years and high levels of building activity in Queensland resulting in an increased number of workers eligible to accrue benefits, have contributed to the projected long-term cost.

Increasing the levy rate will assist in ensuring the viability of the portable long service leave system through providing adequate funds to meet the long-term liability to pay worker entitlements, thereby continuing to allow the Authority to fulfil the primary function for which it was established. Further details are available in the Regulatory Impact Statement (RIS).

Consistency

The amendment is consistent with the Act's objective of providing a portable long service leave system for the building and construction industry as it will help to ensure the system's continuity.

The amendment does not conflict with any other legislation.

Costs/Benefits

The costs of implementing the amendment will be minimal and will not involve a cost to government but rather will be met through existing budget allocations of the Authority's funds.

It is anticipated that the benefits of attracting workers to, and retaining workers in, the industry through maintaining a viable portable long service leave system will significantly outweigh the cost of the levy increase to the industry. Further information concerning the costs/benefits of compliance with the amendment is available in the RIS.

Fundamental Legislative Principles

The amendment has sufficient regard to the rights and liberties of individuals and the institution of Parliament, consistent with the fundamental legislative principles prescribed under the *Legislative Standards Act 1992*.

Consultation

Consultation has taken place with interested parties through the public release of the RIS as well as with the QLeave Board who represent major industry and employer stakeholders.

The Department of the Premier and Cabinet, Queensland Treasury, Queensland Office for Regulatory Efficiency, and the Office of the Queensland Parliamentary Counsel have been consulted.

Both the community and government groups consulted support ensuring the viability of the portable long service leave system and recognise the necessity of increasing the levy rate.

ENDNOTES

- 1 Laid before the Legislative Assembly on . . .
- 2 The administering agency is the Department of Employment and Industrial Relations.