

Building and Construction Industry (Portable Long Service Leave) (Levy Changes) Amendment Regulation 2020

Explanatory notes for SL No. 24

made under the

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

General Outline

Short title

Building and Construction Industry (Portable Long Service Leave) (Levy Changes) Amendment Regulation 2020

Authorising law

Section 72(1) of the *Building and Construction Industry (Portable Long Service Leave) Act 1991*

Policy objectives and the reasons for them

The policy objectives of the amendment regulation is to:

- remove the tiered levy structure which currently provides discounted levy rates to very large projects and replace it with a single levy rate for leviable matters; and
- to increase the portable long service leave levy from 0.25 per cent to 0.35 per cent

The *Building and Construction Industry (Portable Long Service Leave) Act 1991* (PLSL Act) establishes an authority operating under the trading name QLeave as prescribed under regulation. In accordance with section 9(1) of the PLSL Act, QLeave's primary functions are —

- (a) to provide an equitable and efficient system of portable long service leave for eligible workers in the building and construction industry; and
- (b) to collect building and construction industry training levy payable under this Act for payment to a building and construction industry training fund under this Act; and
- (c) to act as an agent in collecting fees and charges payable under other Acts.

Actuarial advice to the QLeave Board is that while the scheme is currently financially sound, under existing levy arrangements the scheme's projected accrued benefit liabilities will not be covered by its assets from the 2021–22 financial year onwards.

The policy rationale for the amendments is to improve the medium to long-term financial position and viability of the Queensland building and construction industry portable long service leave scheme.

The proposed amendments are consistent with QLeave's primary functions and the overall policy objective of the PLSL Act.

Achievement of policy objectives

In accordance with section 72(1) of the PLSL Act a regulation may prescribe percentages of the cost of building and construction work as the amount imposed for the following—

- (a) building and construction industry training levy;
- (b) long service leave levy; and
- (c) work health and safety levy.

Improvements to the financial position and viability of the Queensland's building and construction industry portable long service leave scheme are to be achieved by:

1. amending section 6 of the PLSL Regulation to remove arrangements which permit the current tiered levy structure and replace it with a single percentage rate for each of the three leviable matters. The percentages applied to the training levy and the WHS levy will be the same as those that currently apply to column 2 of Schedule 1 of the PLSL Regulation, that is 0.1% and 0.125% respectively;
2. increasing the prescribed rate for the long service leave levy column 2 of Schedule 1 of the PLSL Regulation from 0.25% to 0.35%; and
3. omitting Schedule 1 of the Regulation.

Consistency with policy objectives of authorising law

The amendment regulation is consistent with the main policy objectives of the PLSL Act, namely to provide for an equitable and efficient system of portability of long service leave in the building and construction industry, and for other purposes.

Inconsistency with policy objectives of other legislation

The regulation is consistent with the policy objectives of other legislation.

Benefits and costs of implementation

The proposed changes to the levy will result in an increase to costs for building work (above the \$150,000 reportable threshold). In accordance with the independent actuarial advice, the increased costs are necessary to ensure the ongoing viability of the PLSL scheme.

Consistency with fundamental legislative principles

No inconsistencies with fundamental legislative principles have been identified.

Consultation

A Consultation Regulatory Impact Statement (RIS) on changes to the QLeave levies for the building and construction industry PLSL levy scheme was released on 3 May 2019. Submissions closed on 30 May 2019.

A total of 44 responses were received, including 13 formal submissions from stakeholder organisations. Of these, 10 were from industry and employer groups and three from employee organisations. Submissions were also received from Construction Skills Queensland and Suicide Prevention Australia. In addition, 29 informal emails were received from individual levy payers.

The Housing Industry Association, the Master Builders' Association, Queensland, the Queensland Resources Council (QRC), Master Electricians Australia, the Queensland Council of Unions and the Plumbers and Pipes Trade Union were consulted.

The Office of Best Practice Regulation was consulted in relation to the release of the Consultation RIS and the Decision RIS.

The results of consultation on the proposed changes are detailed in the Decision RIS.