Making a meaningful difference

31 May 2019

By email: irv.info.dpc.vic.gov.au

To whom it may concern

Re: TRY Australia Submission – Long Service Leave Portability Act – exposure Draft regulations

TRY Australia Children's Services (TRY) delivers early learning and care across six locations in Metropolitan and rural Victoria, supporting over 2,100 children. TRY is a not for profit (NFP) with a vision for all children and young people in Victoria to have the opportunity to achieve great educational and work outcomes.

TRY together with a number of other early learning and care providers sought to have the early childhood sector removed from the bill. TRY also understood that the Minister, Hon. Jenny Mikakos would be undertaking consultation with the industry and are very disappointed that the early childhood sector has been included in the regulations without any consultation.

There are a range of issues TRY has identified and are outlined below:

Financial impacts

- The regulations will require TRY to increase provisions for long service leave (LSL), leading to increased costs to the business. Currently provisions for LSL are made in relation to the probability of the leave being taken. Now the levy is applicable to all employees and any amounts unclaimed are retained by the Authority.
- TRY will not have access to provisions that will not be claimed by its staff. These provisions have previously been utilised for service delivery across the organisation to a reengage disadvantaged and vulnerable children.
- The levy can be altered by the Authority (either up or down) impacting TRY's cash flow.
- Additional costs will be incurred for the administration of the scheme

Inequity across the sector

- Both private sector and NFP organisations deliver early childhood services, yet the private sector is excluded from the Bill. The scheme inhibits transition between the private and NFP as it encourages employees to remain within the NFP to retain access to entitlements.
- NFP providers will face increased compliance requirements compared to the private sector

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Timing of the roll out

- There are currently a number of changes impacting the sector due to implementation of school readiness funding, and expansion of 3 year old kindergarten, the added requirement of a 1 January 2020 commencement of the scheme is an additional burden.

Implementation

- The transition will be a cost burden to provide set up and ongoing data. For example specific reporting from payroll systems will need to be developed.
- The assessment of roles that are within and external to the scheme needs to have clarity to ensure sector wide application.
- TRY has a range of concerns regarding the determination of tax and tax summaries and double dipping opportunities.

Proposals

TRY seeks that the implementation of the scheme be deferred until January 2022 to allow sector reforms to be embedded prior to additional sector wide changes need implementation.

The scheme be applied to both private and NFP providers to ensure a true sector wide scheme.

That financial support is provided to implement the scheme that covers administrative and payroll system changes costs.

Try proposes that provisions that are not accessed for employees who leave the scheme, are returned to TRY.

Yours sincerely

Joy Nunn
Interim CEO