

Senate Education and Employment References Committee

Inquiry into the potential impacts of the Commonwealth Paid Parental Leave Scheme on small businesses and their employees

RESPONSE TO ADDITIONAL QUESTIONS ON NOTICE

1. The Motor Trades Association of Australia (MTAA) thanks the Committee for the opportunity to respond to the additional questions on notice from Senator Sheldon, received on 21 August 2023.
2. MTAA notes that in accordance with Senator Sheldon's request, answers provided in relation to MTAA members include members of the MTAA's state and territory associations.

How many current financial members does the MTAA have, directly and through your state and territory associations?

3. MTAA currently has five direct financial members, being the Victorian Automotive Chamber of Commerce (which incorporates the Tasmanian Automotive Chamber of Commerce), Motor Traders' Association of New South Wales, Motor Trades Association of South Australia and Northern Territory, Motor Trades Association of Western Australia, and the Motor Trades Association of Queensland.
4. Through MTAA's state and territory associations, MTAA has approximately 12,000 current financial members.

If there are likely to be duplicates in your count due to members in multiple states or territories, please advise that this is the case.

5. MTAA does not consider it likely that there are duplicates in the count. MTAA membership is delineated between states/territories.

At the hearing, Mr Hodges said in his prepared opening statements: “As outlined in our written submission, MTAA surveyed its respective small business members on their experience administering the Commonwealth parental leave payment.”

How did the MTAA define ‘small business’ for the purposes of this survey?

6. MTAA did not define ‘small business’ for the purposes of the survey and notes that no definition of small business was provided as part of the terms of reference to the current Inquiry.
7. The MTAA however notes that its survey data shows that 71.1% of respondents had fewer than 15 employees, 77.2% of respondents had less than 20 employees and 96.7% of respondents had less than 50 employees.

How many current financial members does the MTAA have that are small business according to the above definition?

8. Whilst MTAA did not define ‘small business’ for the purposes of the survey, it can advise that approximately 97% of its members would fall under its preferred definition of less than 50 employees for the purposes of the potential adoption of the ‘opt in’ model.

Did any MTAA members which do not meet your definition of small businesses participate in the survey?

9. Again, whilst MTAA did not define ‘small business’ for the purposes of the survey, MTAA understands that 8 respondents participated in the survey that did not meet MTAA’s preferred definition of less than 50 employees.
10. MTAA notes that the above figure represents approximately 3.3% of the total number of survey respondents.

Please provide a copy of the survey that was sent to MTAA members, as referred to in the MTAA submission and in Mr Hodges' appearance.

11. A copy of the survey sent to MTAA members is provided at **Attachment A**.

Please provide a copy of all correspondence sent out to members informing them about the survey, and/or inviting them to participate in the survey.

12. A copy of all correspondence sent out by the Victorian Automotive Chamber of Commerce (VACC), the Motor Trades Association of South Australia and Northern Territory (MTA SA/NT), Motor Traders' New South Wales (MTA NSW) and Motor Trades Association of Western Australia (MTA WA) to its respective members is provided at **Attachment B, Attachment C, Attachment D** and **Attachment E** respectively.

13. Due to the current unavailability of key personnel, MTAA has not received a copy of the correspondence sent by Motor Trades Association of Queensland (MTAQ). However, MTAA understands that the correspondence sent by MTAQ was in the same, or substantively similar, terms as provided by its other members per Attachments B, C, D and E.

With respect to the survey, please advise:

How many MTAA members were contacted about the survey?

14. The survey was sent out via a link contained in an electronic bulletin sent to its respective members (see for example, Attachments B, C, D and/or E).

How many MTAA members did not respond to contact about the survey?

15. As noted above, access to the survey was contained via a link in the relevant electronic bulletin sent to its respective memberships. MTAA does not have access to data relating to how many of its members received and read the bulletin, or why particular members may have chosen to – or not to – read the relevant bulletin and/or participate in the survey. Accordingly, as

MTAA understands that no other contact was made to members about the survey, it cannot provide any further clarification in regard to this question.

How many MTAA members advised that they did not want to participate in the survey?

16. MTAA understands that no members advised that they did not want to participate in the survey.

17. In fact, MTAA was pleased by the strength of the membership's response to the survey as it is reflective of the unsolicited feedback received from MTAA members over a number of years regarding the administration of the Commonwealth's Paid Parental Leave scheme.

Noting that at the hearing Mr Hodges said "In our submission we put [the definition of small business] as fewer than 50 employees", but that the definition of small business in the Fair Work Act is actually a business with fewer than 15 employees, please advise:

How many of the MTAA's current financial members have that [sic] fewer than 15 employees?

18. MTAA notes that Mr Hodges' response quoted (in part) above, was in relation to a question put by Senator Sheldon after Mr Hodges raised the issue of defining a small business:

Senator SHELDON: Mr Hodges, the survey data in your submission for small businesses had a sample size of 58. Is that correct?

Mr Hodges: I would have to take that on notice, and it would depend also on how you define 'small business'.

Senator SHELDON: I should ask you how you're defining 'small business', because it's in your—

Mr Hodges: Our view, given the change to the way that the payment operates now, is that we think it is a larger consideration, so it would be a larger definition. In our submission we put it as fewer than 50 employees.

Senator SHELDON: So, in your survey data, it's fewer than 50 employees, and there are 58 that are in that category?

Mr Hodges: I will take that on notice.¹

¹ Commonwealth of Australia, *Proof Committee Hansard, Senate Education and Employment References Committee, Potential impacts of the Commonwealth Paid Parental Leave Scheme on small businesses and their employees*, Monday, 14 August 2023, page 25.

Note: As confirmed in MTAA’s earlier Response to Questions on Notice, the assertion of Senator Sheldon that only 58 respondents to its survey were small businesses was incorrect.

19. MTAA is unclear as to how the definition of small business used at section 23 of the Fair Work Act 2009 (FW Act) is relevant to the current Inquiry. To the extent that the FW Act can be considered relevant, MTAA notes that under recent amendments that took effect from 6 June 2023, employers of less than 20 employees are excluded from single interest employer authorisations,² with a reverse onus applying to employers who employ 50 employees or more for the purposes of the ‘reasonably comparable’ test.³ MTAA further notes that the objectives of the FW Act include an acknowledgment of the *“special circumstances of small and medium-sized businesses.”*⁴
20. Perhaps more relevantly, in relation to the current Inquiry, MTAA notes that the Australian Bureau of Statistics (ABS) defines a small business as *“a business employing fewer than 20 people”*⁵ – the same substantive definition referenced by Senator Sheldon (i.e. *“small businesses with 19 or fewer employees”*⁶) when questioning Mr Hodges during his testimony. For completeness, the ABS defines medium-sized businesses as those employing 20-199 people.⁷
21. MTAA notes that its preferred definition, for the purposes of the proposed ‘opt-in’ proposal currently before the Committee, finds further support in the definitions used by the International Labour Organisation (ILO) and the Australian Securities and Investments Commission (ASIC). Relevantly, the ILO has adopted a ‘small enterprises’ definition of *“10–49 employees”*,⁸ whilst ASIC uses a ‘small proprietary company’ definition of *“fewer than 50”* employees pursuant to the *Corporations Act 2001*.⁹ MTAA also notes that this is half that of

² *Fair Work Act 2009*, section 249(1A)(b)

³ *Ibid.*, section 249(3AB)(b)

⁴ *Ibid.*, section 3(g).

⁵ Australian Bureau of Statistics (2021-22), *Australian Industry*, ABS Website.

⁶ *Op. cit.*, page 24.

⁷ *Op.cit.*

⁸ International Labour Organisation, *Small Matters: Global Evidence on the contribution of employment by the self-employed, micro-enterprises and SMEs*, 10 October 2019, Box 2.1, page 7.

⁹ *Corporations Act 2001*, section 45A(2).

the small business definition used in the Banking Code of Practice of “fewer than 100 full-time equivalent employees”.¹⁰

22. MTAA does not currently hold complete figures on the total number of members with less than 15 employees. However, based on the demographic information received from the VACC, MTA SA/NT, MTA NSW and MTA WA,¹¹ MTAA understands that approximately 83% of its current financial members have fewer than 15 employees.

How many respondents to the survey have fewer than 15 employees?

23. MTAA can advise that 175 of its survey respondents have fewer than 15 employees – equating to 71.1% of the total number of respondents.

Did the MTAA contact any employee recipients of Paid Parental Leave, who are not also owners or managers of members businesses, about their views on the scheme to inform its submission to this inquiry?

24. No.

The ACCI submission to this inquiry also relied upon survey data from the Victorian Automotive Chamber of Commerce (VACC). Please advise:

Did the MTAA survey include survey data collected from VACC?

25. Yes.

How many MTAA survey respondents were there from the VACC, including:

- (i) The total number**
- (ii) The number of ‘small businesses’ according to the MTAA definition of <50 employees;**
- and**

¹⁰ Australian Banking Association, *Banking Code of Practice*, 2023, ABA website.

¹¹ Information confirming 8,772 members with less than 15 employees, out of a total of 10,575 current financial members. Due to the unavailability of key personnel, MTAA did not receive current information from MTAQ. MTAA notes it has no reason to believe that MTAQ member demographics would be substantively different to other MTAA members.

(iii) The number of small businesses according to the commonly accepted definition of <15 employees?

26. The survey was conducted via an anonymous electronic survey of members using a common link. It is therefore not possible to determine the exact number of responses that were from VACC members. Accordingly, it is not possible to determine the number of VACC survey respondents that would meet the different definitions of small business put in the question.

27. For the reasons outlined above, MTAA also notes that it does not accept the proposition that “<15 employees” is the commonly accepted definition of small businesses. Such a definition is, in MTAA’s view, clearly not appropriate in the context of the current Inquiry.

Is the MTAA aware of whether the data cited in its submission from VACC members is the same VACC data relied upon in the ACCI submission?

28. As noted above, MTAA is unable to determine how many of its survey responses came from VACC members.

29. However, MTAA understands that the ACCI submission utilised the aggregated MTAA survey data results – in addition to separate survey results received from other employer organisations.

Paid Parental Leave Scheme Administration - Small Business Survey

1. Which sector do you operate in?

- ☐ Automotive new/used vehicle retailing
- ☐ Automotive servicing & repairs
- ☐ Agricultural machinery & equipment sales & servicing
- ☐ Motorcycle sales
- ☐ Tyre retailing
- ☐ Motor vehicle parts retailing/wholesaling
- ☐ Automotive body repair

Other (please specify)

2. How many staff do you employ (FTE)?

- ☐ 0
- ☐ 1-4
- ☐ 5-9
- ☐ 10-14
- ☐ 15-19

☐ 20-199

☐ 200 plus

3. Have you ever paid parental leave to any of your staff?

☐ Yes

☐ No

☐ N/A

4. If yes, did you pass on the Commonwealth Parental Leave Payment or did your staff receive it directly from Services Australia?

☐ Yes, I passed on the Commonwealth Parental Leave Payment to staff

☐ No, my staff received it directly from Services Australia

☐ N/A

Other (please specify)

5. If you passed on the Commonwealth payment, did it add to your payroll processing time?

☐ Yes

☐ No

☐ N/A

6. If you passed on the Commonwealth payment, did it increase the administrative burden on your business?

☐ Yes

☐ No

☐ N/A

7. If you passed on the Commonwealth payment, did it cause any cashflow problems?

☐ Yes

☐ No

☐ N/A

8. If you had a choice, would you prefer to pass on the Commonwealth Parental Leave Payment or have Services Australia pay it directly to your staff member?

☐ I would prefer to pass on the payment

☐ I would prefer Services Australia pay it directly to staff

☐ N/A

9. Have you ever voluntarily "topped up" a staff member's parental leave payment?

☐ Yes

☐ No

☐ N/A

10. Do you feel that delivering Commonwealth parental leave payments through your payroll plays an important role in maintaining a strong relationship between yourself and your employees while they are on parental leave?

☐ Yes

☐ No

If No, please explain why below

11. Do you think small business should be required to administer Commonwealth Parental Leave Payments?

☐ Yes

☐ No

12. Are you in favour of an 'opt-in' model (i.e. Services Australia pay directly unless you elect to administer the payment) or an 'opt-out' model (i.e. you administer the payment unless you elect Services Australia to pay directly) for employers to administer Commonwealth Parental Leave Payments?

☐ I favour an opt-in model

☐ I favour an opt-out model

Other (please specify)

Done

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OPPORTUNITY FOR MEMBERS TO BE HEARD: Important survey – Inquiry into Impact of Paid Parental Leave scheme on small business

Dear Member

Under current arrangements, employers must receive and pass on the Commonwealth Parental Leave Payments (PLP) to eligible employees who have a newborn or recently adopted a child and have worked for the employer for at least 12 months before the expected date of birth or adoption.

The compulsory role of employers in administering the PPL scheme has been a source of frustration for over a decade with many small-business owners reporting it increases their administrative workload and payroll processing times. As a result of recent legislative changes that come into effect from 1 July 2023 (and related amendments proposed to the *Fair Work Act 2009*), VACC is concerned that this administrative burden will significantly increase.

The Senate Education and Employment References Committee is currently inquiring into the potential impacts of the Commonwealth Paid Parental Leave (PPL) scheme on small businesses and their employees, both before and after legislative changes come into effect. The Inquiry's terms of reference can be accessed [here](#).

VACC is looking to collect evidence to support an amendment to the PPL scheme legislation which would remove the requirement for small business employers to administer the scheme directly to eligible employees – with the responsibility instead being for Services Australia to administer payments to those employees directly.

VACC's small business members are therefore invited to complete a short survey, via the link below, regarding the way in which the PPL scheme currently operates.

Importantly, your responses will assist VACC and the Australian Chamber of Commerce and Industry (ACCI) prepare submissions to the Senate Inquiry in support of the removal of the requirement for small business to administer the PPL scheme directly.

You should only complete the survey once.

The survey will close on 15 May 2023 and can be accessed [here](#)

The survey is anonymous. Neither your details, nor the details of your organisation, will be collected if you complete the survey.

Members seeking further information are encouraged to contact VACC's Workplace Relations team on 03 9829 1123 or ir@vacc.com.au

You are receiving this email as a member of the Victorian Automotive Chamber of Commerce (VACC).

650 Victoria Street | North Melbourne Vic 3051

If you wish to unsubscribe, please contact our Membership Office by email: membership@vacc.com.au or phone: 1300 013 341.



Impact of Paid Parental Leave Scheme on small business

Dear

A Senate Inquiry is currently examining the impact of the Paid Parental Leave Scheme on small business.

The Australian Chamber of Commerce and Industry (ACCI) has created a survey which you can complete to provide your views.

The ACCI is seeking evidence to support an amendment to the Paid Parental Leave Scheme legislation which **would remove the requirement for small business employers to administer the scheme directly to eligible employees** – leaving it to Services Australia to administer payments to those employees directly.

The MTA will also be using the survey results in our advocacy on your behalf.

You can complete the short survey [here](#).

Sent to:

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Motor Trade Association | SA/NT, Level 1 81 Greenhill Rd, Wayville SA 5034, Australia

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Industry News

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Industry Survey

Paid Parental Leave Scheme

The ACCI is conducting a survey to gather evidence supporting an amendment to the Paid Parental Leave Scheme legislation, which would remove the administrative responsibility for small business employers.

[Have Your Say](#)



Industry News

New Superannuation Standard Choice Form

The Australian Taxation Office (ATO) introduced an updated superannuation standard choice form and accompanying web content. The new resources aim to clarify the consequences of incorrect or missing superannuation information provided to employers.

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Hello,

Important Survey – Inquiry into Impact of Paid Parental Leave Scheme on Small Business

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The compulsory role of employers in administering the PPL scheme has been a source of frustration for over a decade with many small-business owners reporting it increases their administrative workload and payroll processing times. As a result of recent legislative changes that come into effect from 1 July 2023 (and related amendments proposed to the *Fair Work Act 2009*), VACC is concerned that this administrative burden will significantly increase.

The Senate Education and Employment References Committee is currently inquiring into the potential impacts of the Commonwealth Paid Parental Leave (PPL) scheme on small businesses and their employees, both before and after legislative changes come into effect. The Inquiry's terms of reference can be accessed [here](#).

The MTAs nationally are looking to collect evidence to support an amendment to the PPL scheme legislation which would remove the requirement for small business employers to administer the scheme directly to eligible employees – with the responsibility instead being for Services Australia to administer payments to those employees directly.

MTA WA's small business members are therefore invited to complete a short survey, via the link below, regarding the way in which the PPL scheme currently operates.

Importantly, your responses will assist the MTA and the Australian Chamber of Commerce and Industry (ACCI) prepare submissions to the Senate Inquiry in support of the removal of the requirement for small business to administer the PPL scheme directly.

You should only complete the survey once.

The survey will close on 15 May 2023 and can be accessed [here](#).

The survey is anonymous. Neither your details, nor the details of your organisation, will be collected if you complete the survey.

Members seeking further information are encouraged to contact us on ir@mtawa.com.au.

Kind regards,

MTA WA Membership



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