

## 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 QUESTIONS ON NOTICE

1. Motor Trades Association of Australia (MTAA) thanks the Committee for the opportunity to respond to the two questions taken on notice during the Committee's public hearing in Canberra on 14 August 2023.
2. MTAA notes that it has not received any further questions on notice from Senator Sheldon, so its response is limited to those two matters.

#### Source of Employee Survey Data – payment problems

3. MTAA confirms that the data relied upon in support of its evidence comes from the University of Queensland's Phase 2 Evaluation Report<sup>1</sup> (the Phase 2 Report). The Phase 2 Report, including a number of its findings, is directly referenced and forms part of the evidence provided in the submission from the Department of Social Services, Department of Employment and Workplace Relations and Services Australia.<sup>2</sup>
4. Specifically, the employee survey data referred to is contained in the Mothers Process Evaluation Study (MoPE) conducted in late 2011 as part of the Phase 2 Report. The Executive Summary of the Phase 2 Report clearly states that the MoPE survey found that:

*"Mothers paid through employers were much more likely to experience a problem (54 per cent did so) compared to those paid through Centrelink (26 per cent did so)."*<sup>3</sup>

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<sup>1</sup> The University of Queensland Institute for Social Science Research, *Paid Parental Leave Evaluation Phase 2 Report*, January 2013.

<sup>2</sup> Department of Social Services, Department of Employment and Workplace Relations, Services Australia, *Submission to the Senate Education and Employment references committee Inquiry into the potential impacts of the Commonwealth Paid Parental Leave Scheme on small businesses and their employees*, May 2023, see for example page 1.

<sup>3</sup> Op. cit., page xi.

## MTAA Survey – number of small business respondents

5. MTAA confirms, as noted in its written submission, that there were 246 respondents to its survey conducted in May 2023. Of those, 190 respondents employed less than 20 employees. Whilst it is harder to determine the exact figure using MTAA's preferred definition of under 50 employees – as the survey was anonymous and (relevantly) captured the number of respondents that employed between 20 and 199 employees – MTAA confirms that a further 49 survey respondents employed between 20 and 199 employees. Based on the membership profile of the MTAA's largest member, the Victorian Automotive Chamber of Commerce, MTAA estimates that 48 out of the 49 respondents would have employed less than 50 employees.
6. Accordingly, MTAA can confirm that the assertion of Senator Sheldon that only 58 respondents to its survey were small businesses was incorrect. In fact, 190 of the survey respondents employed less than 20 employees – and based on the methodology outlined above, 238 of the survey respondents are likely to have been small businesses based on MTAA's preferred definition. This equates to 96.7% of survey respondents.
7. For context, MTAA understands that the data referred to by Senator Sheldon in relation to employer attitudes towards the Commonwealth's paid parental leave scheme contained in the Department's submission<sup>4</sup> is based on the Employers Impact Analysis (EMPERIA) study gathered through a telephone survey of 441 employers conducted in 2011 and 2012 as part of the University of Queensland's Phase 3 Evaluation Report<sup>5</sup> (the Phase 3 Report).
8. Based on Table 2.16<sup>6</sup> and Table 2.17<sup>7</sup> of the Phase 3 Report, MTAA understands that only 157 respondents in the EMPERIA survey employed less than 20 employees, with those employing between 20-199 equating for an additional 168. Whilst the EMPERIA survey data was not as heavily skewed towards small businesses in their 20-199 grouping, if the same methodology

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<sup>4</sup> Op. cit., page 10.

<sup>5</sup> The University of Queensland Institute for Social Science Research, *Paid Parental Leave Evaluation Phase 3 Report*, April 2014.

<sup>6</sup> Ibid., page 34.

<sup>7</sup> Ibid., page 35.

is used for consistency, this equates to a total of 321 small businesses based on MTAA's preferred definition of small business.

9. Converting the above data to a comparison on a percentage basis, smaller businesses would equate to 72.8% of the EMPERIA survey responses conducted in 2011 and 2012 (or 35.6% of those employing less than 20 employees), in contrast to the 96.7% of MTAA survey responses conducted in May 2023 (or 77.2% of those employing less than 20 employees).
10. Further, on the question of survey data accuracy, MTAA notes that with a sample size of 246 participants, its May 2023 survey has a margin of error of 6.4% at a 95% confidence interval. In contrast, with a sample size of 441 participants, the 2011/2012 EMPERIA survey had a margin of error of 4.8% at a 95% confidence interval. This equates to a difference in the overall margin of error of 1.6% - a difference effectively negated if non-small business participants are excluded from both surveys.
11. Finally, MTAA also notes for the benefit of the Committee that the MTAA survey results are consistent with parental leave research<sup>8</sup> conducted by the Grattan Institute in 2021. Based on its research, and as part of its recommendation to make the parental leave scheme more flexible and accessible, the Grattan Institute Report found that:

*"Employers should no longer be the paymaster. Instead, all payments should be made directly by Centrelink."*<sup>9</sup>

Relevantly, the Grattan Institute Report also found that:

*"Involvement of employers in the administration of payments appears to add unnecessary complexity. Parents receiving their payments through their employer are twice as likely to report problems as those receiving payments directly from Centrelink. And employers gain little from their involvement in the process ... In a survey conducted by the Australian Chamber of Commerce and Industry, 84 per cent of employers agree or strongly agreed with the Statement, 'The Government should not require employers to be the paymaster for the Paid Parental Leave Scheme'.*

*... given that applicants must still apply through Centrelink, the benefits involving the employer in a paymaster role appear minimal, and the drawback for employers and applicants are significant..."*<sup>10</sup>

<sup>8</sup> Grattan Institute, *Dad days: how more gender-equal parental leave would improve the lives of Australian Families*, 4 September 2021.

<sup>9</sup> *Ibid.*, page 4.

<sup>10</sup> *Ibid.*, pages 35-36.

12. Accordingly, MTAA submits that the results of its survey are uncontentious – and that the Committee should be confident that the MTAA survey results reflect not only the views of its small business membership, but more generally, the contemporary view of both small businesses and a number of independent public policy experts.
13. MTAA again thanks the Committee for the invitation to appear and to respond to these questions on notice. Further, MTAA would also like to acknowledge the role played by Senator David Pocock in securing the Inquiry for small business.