



BIGGER, STRONGER, UNITED.

TIM KENNEDY SECRETARY
JO SCHOFIELD PRESIDENT

Committee Secretary
Senate Education and Employment Committees
PO Box 6100
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Via email: eec.sen@aph.gov.au

Acknowledgement of Country

We acknowledge and respect the continuing spirit, culture, and contribution of Traditional Custodians on the lands where we work, and pay respects to Elders, past and present. We extend our respects to Traditional Custodians of all the places that United Workers Union members live and work around the country

Dear Committee,

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

About United Workers Union

United Workers Union is a powerful union with 150,000 workers across the country from more than 45 industries and all walks of life, standing together to make a difference. Our work reaches millions of people every single day of their lives. We feed you, educate you, provide care for you, keep your communities safe and get you the goods you need. Without us, everything stops. We are proud of the work we do – our paramedic members work around the clock to save lives; early childhood educators are shaping the future of the nation one child at a time; supermarket logistics members pack food for your local supermarket and farms workers put food on Australian dinner tables; hospitality members serve you a drink on your night off; aged care members provide quality care for our elderly and cleaning and security members ensure the spaces you work, travel and educate yourself in are safe and clean.

The United Workers Union (UWU) welcomes the opportunity to contribute to this inquiry. We take a particular interest as many of our sectors of coverage have substantial shares of workers employed by small businesses, are highly feminised and low paid, especially our members in the large and growing workforces in disability support work, aged care and early learning. This also means employer-funded PPL is rare for our members and are therefore the primary cohort to most benefit from the existence of this scheme. The primary contention of this submission is that there is no rationale for changing the current administration arrangements for the Commonwealth Paid Parental Leave (PPL) Scheme.

The PPL Scheme is a significant and valued industrial entitlement that benefits workers, employers and society at large – and even more so with the progressive reforms brought about by this government. For society, it assists in promoting gender equality and the participation of parents in the workforce. For employees, it provides income support for a period of care, recognising their workforce participation. For employers, it aids in retaining an employment relationship with an experienced worker taking extended leave.

Government funding for this minimum entitlement reflects the broader benefits but it is also a form of



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assistance to employers who might otherwise find it difficult to fund such benefits for their workers, such as small businesses. Participation in the administration of the scheme is a reasonable and minimal contribution for gaining the benefits of the funding of the scheme.

Currently, it is the choice of the employee whether the payments are processed by the employer or Services Australia and the data shows that overwhelmingly workers choose their employer (74% in 2013 according to government data).¹ There are cases where administration by an employer is not suitable, such as self-employed workers, or those that hold multiple or insecure jobs. Nevertheless, for most, employer provision is most desired.

Further, the employer's current role and contribution to the scheme is consistent with its intention to promote the continuation of the employment relationship and, more broadly, to build workplace and societal cultures that support working parents. Having workers receive these payments through their employer normalises taking and returning from these leave periods. Remaining on the employer's payroll maintains a form of communication and contact and formalises the ongoing nature of the relationship. The complementary parental leave legislative framework provides return to work rights, and maintaining contact through remaining on the payroll assists in ensuring compliance with these rights, ensuring a smooth return to work. It is unfortunately the case that discrimination towards parents returning from work still exists at high rates and thus no action should be taken that could further increase the likelihood of this occurring.

An additional intention of the scheme is for it to act as *minimum* entitlement. Employer-administered payments have the potential to encourage employers to top up these payments, whether it be to extend the timeframe or to replace any shortfall in their usual wage or salary. Any change that reduces the occasions that employers would administer the payments would hamper this.

Notwithstanding the fact that employers ought to have a role in the system for the benefits they receive, it is difficult to construe this as a burden or as onerous, or likely to increase with the incoming changes.

Firstly, payroll systems are already in place for the ordinary payment of workers. This work represents an additional activity consistent with one they are already carrying out – and for a worker that will return. Employers have also demonstrated the ability to accommodate such provisions in their payroll systems for ten years now, since the inception of the scheme.

Secondly, the incoming changes to the scheme are likely to be neutral or beneficial to the employer. These changes increase eligibility, and the timeframe and flexibility of payments received. Managing assessment of eligibility lies with Services Australia, and the making of the claim with the employee, and thus changes related to these aspects have no impact on the employer. Extending the period for which payments are made does not change the nature of the work carried out by the employer and only improves the benefits received by the employer – by virtue of not having to fund these increased entitlements and gaining an extension to the continued contact with the employee through payroll. The increased flexibility of the payments is also likely to improve the benefits received by the employer. This is because it may facilitate employees returning to work for periods of time rather than taking a continuous period of leave, which may have a mutual benefit. For small businesses, which by definition operate with a smaller staff, this may be more likely to be beneficial.

¹ Department of Social Services (2014) Paid Parental Leave Scheme: Review Report, p. 51, available at https://www.dss.gov.au/sites/default/files/documents/06_2014/paid_parental_leave_scheme_review_report.pdf



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To conclude, we impress on the committee our concern with the premise of one of the Inquiry's terms of reference. This relates to the 'current Commonwealth PPL arrangements acting as ... [a] disincentive to employment and boosting female workforce participation in small businesses'. It is deeply troubling that administration of a government-funded payment could be considered a reason to discriminate against women, currently the main recipients of this entitlement – and such perspectives should not be validated through important, parliamentary forums such as this.

Finally, while it is critical to acknowledge the importance of the current and incoming, improved Scheme, we wish to highlight that strengthening the scheme is still the priority. Australia still ranks poorly compared to other OECD nations – fourth worst – thus the only aim we should be working towards is improving entitlements rather than employers looking for ways to reduce their small mandatory contribution.

Any concerns employers have with fulfilling their role in the scheme should be met with additional assistance and support.

For any enquiries about this submission, please contact

Yours sincerely,

Jo Schofield
National President
United Workers Union