



Victorian Automobile
Chamber of Commerce
ABN 63 009 478 209

VACC House
464 St Kilda Road
Melbourne 3004

Phone: 03 9829 1111
Fax: 03 9820 3401
Website: www.vacc.com.au

Thursday May 13 2010

Committee Secretary
Senate Standing Committee on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

To the Committee Secretary

**Submission to the (Senate Inquiry) Exposure Draft of the Paid Parental Leave Scheme Bill 2010
Inquiry by the Victorian Automobile Chamber of Commerce**

VACC and other member organisations were advised by ACCI yesterday in a telephone hook up which discussed this matter that the Senate Inquiry would take late submissions from member organisations.

VACC supports the submissions already filed by ACCI. VACC also supports the intent behind the Bill, however it has particular problems regarding the proposed operation of the 'Paymaster role'. The majority of our members are small businesses. VACC has serious concerns with the additional burden placed on members to act in this role in the manner proposed. The attached submission expands on these concerns.

I apologise for the late lodgement of this submission however given the concerns expressed by some of our members we would greatly appreciate our views being considered by the Senate Inquiry.

Yours sincerely

 Bill Chesterman
Senior Industrial Relations Adviser
Level 7, 464 St Kilda Road
Melbourne Victoria, 3004
03 9829 1122
bchesterman@vacc.com.au

VACC Submission to the Senate Community Affairs Committee

Inquiry into the Exposure Draft Paid Parental Leave Scheme Bill 2010



May 2010

Introduction

1. The Victorian Automobile Chamber of Commerce (VACC) welcomes the opportunity to make a submission to the Senate Community Affairs Committee in relation to the Government's Paid Parental Leave (PPL) Scheme set out in the exposure draft *Paid Parental Leave Bill 2010* (the Bill). VACC is also a member of the Australian Chamber of Commerce and Industry (ACCI) and supports the submission and contentions raised by ACCI.
2. VACC is concerned about the limited time given for public consultation on the Bill. Given the complexity of the legislation, it would have been appropriate to have a lengthier consultation process. It is hoped that the fast-tracking of this Bill will not prevent employer concerns from being taken into account and addressed.

About VACC

3. VACC was established in 1918. It is an employer organisation registered under the *Fair Work (Registered Organisations) Act 2009*.
4. VACC represents the interests of over 5200 businesses in regional and metropolitan Victoria and Tasmania. Members employ over 50,000 Victorians in the repair, services and retail sectors of the automotive industry. Its membership includes (but is not limited to) new and used car dealers, service station operators, automotive repairers, farm machinery dealers, automotive electricians, crash repairers, engine re-conditioners, tyre dealers, LPG installers and tow truck operators.
5. The majority of VACC members are small businesses.
6. In the retail motor industry, the level of participation according to gender is 1 female to every 5 males. Many of the women in the industry run small businesses with their husbands, with the women carrying out the payroll and administrative duties. The other women in the industry are usually found in retail sales or managerial roles.
7. The retail motor industry suffers from severe skill shortages, tight profit margins and the impact of rapid technological change. In these circumstances and in the current economic climate, further financial and administrative burdens could mean the end for small and medium size businesses in the industry.
8. VACC members are generally covered by the Vehicle Manufacturing Repair Services and Retail Award 2010 and the Clerks - Private Sector Award 2010. Enterprise agreements are not widely used in the industry at this time.

VACC position

9. According to the Terms of Reference of the Productivity Commission Inquiry into PPL, the government was seeking ways “to ensure strong and sustainable economic growth, adjust to the imperatives of an ageing population, promote the early development of children and support families in balancing work and family responsibilities”.
10. The PPL scheme is therefore aimed at addressing a number of issues affecting society as a whole rather than in an employment context. Accordingly, VACC supports a PPL scheme that is funded by the federal government *provided* there are no additional costs for employers.
11. VACC is pleased that the federal government has addressed employer concerns that were raised during the Productivity Commission Inquiry such as the treatment of superannuation, workers’ compensation and the accrual of leave.
12. However VACC is very concerned about the provision in the Bill for employers to act as paymasters for the PPL scheme.

Employer as paymaster

13. VACC believes that the Family Assistance Office (FAO) should be responsible for making the payment *directly* to employees on parental leave. This is the most appropriate method of administration given the objective of the scheme as set out in the Productivity Commission’s Terms of Reference as set out above.
14. Employers should not be asked to bear the cost of administering the PPL scheme. The types of costs involved include (but are not limited to) training staff on the scheme, staff time in administering the scheme, staff time in dealing with and responding to disputes in relation to the scheme, staff time in dealing with the FAO, updating payroll systems and seeking professional advice on compliance issues.
15. Small businesses like most of our members, do not have the ability to withstand those sorts of costs. The impact of the proposed delivery method would impose an unreasonable burden for many of our members.
16. VACC is not convinced that there are legitimate policy reasons for adopting an ‘employer as paymaster’ approach. As PPL is intended to benefit the entire community and is to be funded by the federal government, then it is not appropriate for employers to bear the cost of administering the scheme. This is particularly so when there already exists government agencies that are set up to carry out the task.

17. Given the Bill provides that the FAO is to administer the scheme for the first six months to delay employer participation until the beginning of the next financial year, it would take very little to transfer the administration of the scheme entirely to the FAO. It seems unnecessarily complicated to have the FAO administer the program and then transfer part of that administration to employers. It would be far more efficient for FAO to continue in that role after the initial six months.
18. It would also be possible to allow employers to opt in to a system of becoming the paymaster in the event that those employers feel strongly about wanting to take on the role.
19. VACC strongly supports the submissions made by ACCI in relation to the adoption of the New Zealand model. This model involves payment of parental leave entitlements via a government agency with a minimum of paperwork for employers.
20. VACC believes that a simpler model will have a much better reception from the community, many of whom run or work in small businesses. Given the community aims of the scheme, it is likely to work best if there is a fair and uncomplicated system for both employer and employees to use.

Further comments

21. VACC would like to make further comments in relation to any Regulations, Rules or other material that is released in relation to the Bill.