

12 May 2010

Committee Secretary
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

By Email: community.affairs.sen@aph.gov.au

Dear Sir/Madam,

Paid Parental Leave Scheme

The Australian Newsagents' Federation supports the introduction of a fully funded Paid Parental Leave (PPL) scheme by the federal Government and recognizes the importance of a PPL scheme as a key plank in Australia's social framework by enhancing the wellbeing of newborn children and their parents.

However, the Federation possess serious reservations in respect of the proposed elements of the PPL scheme that suggest employers should act as paymaster.

The Australian Newsagents' Federation

The ANF is the national peak industry body representing community newsagents in Australia. The ANF's membership comprises some 2,200 community newsagents Australia wide. Nearly all ANF members are small or micro businesses employing less than 20 staff, the majority of whom would employ five or less staff.

Newsagents a small business industry

Community newsagents are nearly all small businesses. While groups of community newsagents may share a common easily identifiable brand, these 'banner' groups comprise of separate individual independent small businesses which come together under a common brand name for marketing and promotional purposes.

As small businesses community newsagents form a significant part of the small business sector nationally with a combined annual turnover of more than \$8 billion. The annual turnover of the average community newsagent is approximately \$1.5 million. The newsagency industry employs in the order of 20,000 people, including approximately 4,000 newsagents.

Recommendations

The Federation welcomes the opportunity to provide our views and the views of our members to the Senate Community Affairs Legislation Committee in respect of the exposure draft of the Paid Parental Leave scheme.

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Recommendation 1: That the Commonwealth administer the Paid Parental Leave Scheme.

The Federation strongly believes that the paymaster function of the PPL scheme should be entirely administered by the Family Assistance Office, with no obligation for employers to administer PPL payments. This is the Federation's favoured position.

The PPL scheme as it is currently framed poses a greater risk of a disproportionate disruption for community newsagents. These impacts will be more acute in the pharmacy, hospitality and retail industries including community newsagents, where a greater proportion of women of child bearing age are employed and where lower income and part-time working primary carers are likely to extend or maximise their leave.

The administrative burden associated with the role of paymaster places a disproportionately large time and financial cost on small businesses. These costs would be incurred primarily through administering payments, maintaining records, meeting compliance and reporting requirements and undergoing the appropriate system upgrades.

The cost involved in a small business undertaking the appropriate upgrade to their payroll, leave and other administrative systems are relatively more significant than for larger businesses.

Community newsagents are traditionally 'time poor' with the majority being required to open before dawn to make newspaper deliveries and then operate a retail premises until the early evening.

Where an additional administrative burden of reporting and record keeping requires an already 'time poor' newsagent to undertake further 'hassle' there will be an increased danger of non-compliance.

The regulatory obligation under the proposed scheme in respect of the paymaster role places another layer of regulatory 'red tape' on already overburdened small businesses.

Any commitment from Government to the reduction of the burden of regulatory and administrative 'red tape', should go further than an apparent situation of one regulation in, one regulation out. All new regulation should be designed to minimise the impact on businesses, particularly small business.

There is no evidence in Minister Macklin's Explanatory Memorandum suggesting any benefit to employees, such as maintaining a connection to the workplace, outweighs the significant burden on small and medium businesses in administering the PPL scheme on behalf of the Commonwealth.

The Federation believes that the proposed scheme in its current form does not sufficiently account for the practical considerations faced by small business in its administration, and consequently there exists the likelihood that the design of the scheme will prejudice the efficacy and intended social outcomes.

While the proposed scheme as it is currently framed will provide the Government the material for a positive public announcement, this scheme will represent a lost opportunity as poor policy design creates the potential for unintended consequences such as the possibility of employee discrimination.

The potential for such discrimination to occur lends weight to the argument that Family Assistance Office, through established Government payments system should be responsible for the administration of direct payments under the PPL scheme, as has been proposed for the first six months of the scheme.

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It is the Federation's position that the Commonwealth should administer the PPL scheme, as we believe the case to be in New Zealand.

The Federation believes that the proposal that employers should function as paymasters of the scheme to be counter to the overall success of the scheme and in contradiction to statements made by shadow Ministers Gillard, Macklin and Plibersek on 13 July 2007, that a Rudd Government would “*examine further reforms to support parents with new born children*”, but would not “*support a system that imposes additional financial burdens or administrative complexity on small business or in any way act as a discouragement to the employment of women*”¹.

Recommendation 2: Employer “opt-in” as paymaster for businesses

Notwithstanding the Federation's preferred position of entirely removing the employer paymaster function, the Federation concedes there may be possible advantages in framing legislation that would allow an employer to “opt-in” as the paymaster for their employees under the PPL scheme.

Whilst the Federation prefers the removal of the paymaster function for employers from the proposed PPL scheme, we would find an amendment to the exposure draft allowing employers to “opt-in” to the paymaster role a satisfactory compromise.

The Federation's subordinate position in respect of the PPL scheme is that an “opt-in” provision would allow small and medium businesses the opportunity to assess both the individual benefits and costs of the paymaster role and attendant administrative burdens on a case-by-case basis.

This option, which is also supported by the Pharmacy Guild of Australia and ACCI as an alternative to the current proposed scheme, would provide small business proprietors, such as community newsagents, a choice to administer payments to their employees or choose instead the administration to be performed by the Family Assistance Office.

An opt-in mechanism may be attractive to those employers who currently perform the paymaster function, providing paid parental leave to their employees, and wishing this payment to be supplemented by the Government's PPL entitlement.

The Federation's position is that business, particularly small business, should not be compelled to perform the role of paymaster.

The Federation would strongly welcome the opportunity to address the Committee to provide oral evidence of the impact of the proposed PPL scheme on community newsagents. If my staff or I could be of further assistance in this matter, please contact me or Michael Pruscino on (02) 8425 9600 or by email michael@anf.net.au.

Yours sincerely

Alf Maccioni
Chief Executive Officer
Australia Newsagents' Federation

¹ Joint Media Release, Ministers Gillard, Macklin and Plibersek, 13 July 2007