

## **SUBMISSION**

# **Potential impacts of the Commonwealth Paid Parental Leave Scheme on small businesses and their employees**

**Comments by The Pharmacy Guild of Australia to The Senate Education and Employment Committees**

Due: 19 May 2023

## ABOUT THE GUILD

The Pharmacy Guild of Australia (the '**Guild**') is the national employer industry association representing owners of community pharmacies - which are small and medium businesses in cities, regional and remote areas across Australia. Community pharmacies are frontline health services and provide an ever-expanding range of professional health services to their local community.

Critical for the provision of these health services by the owners of Australia's 6,000 community pharmacies is a regulatory environment that supports the growth, success, and sustainability of their businesses.

Many Guild members employ fewer than 15 employees in a pharmacy. These small community businesses account for the direct employment of more than 70,000 full time, part time and casual employees in cities and towns Australia wide.

As a federally registered industrial organisation, the Guild develops workplace and business policy and shapes public debate on major workplace relations and business issues and advocates for a regulatory environment that supports investment in community pharmacy. We believe a healthy pharmacy sector means healthier communities.

## GUILD RESPONSE

The Guild welcomes the opportunity to comment on the potential impacts of the Commonwealth Parental Leave Pay ('**PLP**') scheme. The Guild supports a government-funded PLP scheme that benefits small businesses and their employees.

The Guild believes that a government-funded PLP scheme would increase the retention rates of primary care givers within their current employment and assist in addressing workforce shortages.<sup>1</sup> As of 2020, 56.74% of community pharmacists were women, with 45.28% being younger than 35 and 74.15% being younger than 45 years of age.<sup>2</sup> Encouraging employees, such as female pharmacists, to return to work after the birth of a child would assist in addressing the increasing shortage of community pharmacists, currently approximated to be 2,400 full time equivalent pharmacists in Australia.<sup>3</sup> The Guild is of the opinion that a government-funded PLP scheme directed administrated by the Federal Government (e.g. Services Australia) that provides support in managing the costs and administrative burden of providing PLP to their employees would benefit small businesses and employees. The Guild believes this would boost the growth of small business by decreasing administration obligations for businesses in regional, rural and remote areas.

Small businesses should be afforded the option of opting into a government-administrated, government-funded PLP scheme, where Services Australia provides the base payment, and an employer does have the option to supplement the PLP further if they so choose and can afford too. Approximately 40% of parental leave payments are currently administered by Services Australia, while the Workplace Gender Equality Agency (WGEA) states that approximately 60%

---

<sup>1</sup> Barbara Broadway, Guyonne Ka b, Duncan McVicar & Bill Martin (2020) The Impact of Paid Parental Leave on Labor Supply and Employment Outcomes in Australia, *Feminist Economics*, 26:3, 30-65, DOI: [10.1080/13545701.2020.1718175](https://doi.org/10.1080/13545701.2020.1718175)

<sup>2</sup> <https://www.guild.org.au/news-events/news/forefront/v12n03/editorial#:~:text=Department%20of%20Health%20data%20shows,than%2045%20years%20of%20age>

<sup>3</sup> <https://www.guild.org.au/news-events/news/forefront/v13n04/>

of employers with over 100 employees currently offer access to paid parental leave in conjunction with government-funded PLP.<sup>4</sup>

A Department of Social Services (DSS) study has determined that employees who received PLP through their employer were more likely to receive incorrect payments than those who receive their payments through the Australian government.<sup>5</sup> The Guild believes that allowing Services Australia's administration of PLP directly to the employee would reduce the likelihood of such errors and/or underpayments through the double handling of PLP, with small businesses doing so unknowingly due to administrative or financial burdens. Administration of payments by Services Australia would allow for correct length of time of PLP and child support deductions.

The legislative changes due to come into effect on 1 July 2023 have failed to provide a superannuation component to allow employees to continue building their superannuation while they are on parental leave. Although a large number of small businesses voluntarily pay superannuation on PPL,<sup>6</sup> it is currently not required despite it being compulsory for all other types of leave including annual leave and sick leave. The Guild is of the opinion that further incentives or superannuation contributions incorporated into the Commonwealth's PLP scheme and paid by the Federal Government are required to ensure superannuation is available to all new parents who are absent from the workplace on unpaid parental leave entitlement.

---

<sup>4</sup> <https://www.wgea.gov.au/parental-leave>

<sup>5</sup> [https://www.dss.gov.au/sites/default/files/documents/12\\_2013/paid\\_parental\\_leave\\_evaluation.pdf](https://www.dss.gov.au/sites/default/files/documents/12_2013/paid_parental_leave_evaluation.pdf)

<sup>6</sup> <https://www.wgea.gov.au/parental-leave>