



11 May 2010

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

Dear Sir / Madam,

Re: Exposure Draft of the *Paid Parental Leave Bill 2010*

The Chamber of Commerce and Industry Queensland (CCIQ) welcomes the opportunity to provide feedback to the Senate Community Affairs Legislation Committee on the Exposure Draft of the *Paid Parental Leave Bill 2010* ("the Bill").

CCIQ welcomes the initiative of the Federal Government to deliver Australia's first wholly taxpayer-funded Paid Parental Leave (PPL) scheme. CCIQ believes that the scheme will have positive impacts on productivity and workforce participation within Queensland businesses, as well as have additional social benefits for employees and their families. However, the Chamber does have some concerns relating to the Bill, which are addressed in more detail below.

Employers should not be the paymasters of the PPL scheme

CCIQ has long advocated for a PPL scheme that does not require employers to manage and administer payments on behalf of government. This will only add further imposts on businesses, particularly small businesses, at a time where there is a strong focus on significantly reducing regulatory burdens.

Queensland employers have strong concerns on why they should not be the paymasters of a federally funded PPL scheme. Concerns relate to:

- The capacity and/or infrastructure requirements of employers to manage and administer the scheme efficiently and effectively;
- Hidden costs that would be incurred by employers, such as the cost of the labour and software required to administer the scheme and chasing up the Family Assistance Office (FAO) regarding any late instalments;
- Potential refunds to FAO impacting on employers' cash flow;
- The potential for breakdowns in employee/employer relationships if the scheme does not work as planned;
- The obligations of employers relating to PPL payments to their employees, such as the list of circumstances in which employers must notify FAO in writing (Chapter 3, Part 3-2, Division 4);
- The impact on the competitiveness and profitability of businesses in those industries that have a large number of female employees;
- The potential for discrimination in employing young people.

The Federal Government has the infrastructure (ie FAO facilities throughout the country) and the capacity (ie trained and qualified staff) to efficiently and effectively deliver the PPL scheme. Adopting a scheme that is wholly delivered by Government will eliminate the majority of the concerns raised above.

Furthermore, the compliance and enforcement costs associated with Chapter 4 of the Bill would be significantly diminished if the PPL scheme was administered by the FAO.

Chamber of Commerce &
Industry Queensland
Industry House
375 Wickham Terrace
Brisbane Q 4000

ABN 55 009 662 060

t > 07 3842 2244

f > 07 3832 3195

e > info@cciq.com.au

Employer Advice Line
1300 135 822

Regional Offices
Gold Coast, Sunshine Coast,
Toowoomba, Rockhampton,
Mackay, Townsville, Cairns



Permanent adoption of the "transition period" PPL scheme

CCIQ is supportive of the six month transition period where the FAO will provide PPL payments to employees unless the employer chooses to be the paymaster from the beginning of the scheme.

The Chamber believes that the way the scheme will operate during the transition period should be adopted on a permanent basis. If the FAO has the capacity to act as the paymasters of the national scheme during a six month period, it certainly has the capacity to undertake this role more permanently. Furthermore, it would represent a doubling up of time and resources for FAO to undertake the activities required to ensure they have the capacity to act as the paymaster of the scheme, and then for employers to undertake the same activities during the following six month period.

The scheme will operate more seamlessly and have more benefits for businesses if the FAO permanently acts as the paymaster.

PPL payments in the strongly opposed option where employers are the paymasters

CCIQ is strongly supportive of the commitment given by Government that PPL funding will be advanced to employers before they will be required to provide payment to their employees. This will help alleviate the concerns of business, particularly small business, regarding implications for their cash flow. It is essential that this commitment is maintained, with no employer being penalised for delaying payments to their employees if the required funds have not been received from the FAO.

CCIQ is also supportive of providing employers with the option of receiving instalments from the FAO either fortnightly or in three equal instalments, as well as the avoidance of requirements for special bank accounts. There is widespread support for PPL payments not attracting a superannuation guarantee liability or impacting on businesses' workers compensation premiums.

PPL payments must be exempt from payroll tax

CCIQ believes that the significant positive benefits resulting from the PPL scheme would be undermined if PPL payments were liable for payroll tax. It would be unfair and inequitable for employers to be expected to pay payroll tax on payments that are essentially payments to their employees from the Federal Government. This would particularly be the case given that these payments are for employees to spend time away from their occupations to undertake activities that have limited or no contribution to the services they perform for their employers.

Allowing this situation to eventuate would lead to out-of-pocket expenses for all businesses that have employees on PPL leave and are required to pay payroll tax. There would be an even greater impact on those businesses that employ a large number of female employees, and could have negative implications for discrimination against employing young people. It is essential that PPL is exempt from payroll tax.

Information and education of employers

The Bill represents a complex piece of legislation that many employers will find difficult to understand. It is essential that wide-spread information and education campaigns are undertaken to ensure employers' can easily and quickly understand what their obligations are under the legislation. Any simplification of the Bill and the associated information for employers will be widely welcomed from the business community.

If you would like to discuss any aspect of this correspondence please contact me on (07) 3842 2279.

Yours sincerely,



Nick Behrens
General Manager – Policy