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ARA SUBMISSION ON POTENTIAL IMPACTS OF PAID PARENTAL LEAVE SCHEME ON SMALL BUSINESSES

The Australian Retailers Association (ARA) welcomes the opportunity to provide comments to the Senate Education and Employment References Committee regarding its inquiry into the impact of the Commonwealth's Paid Parental Leave (PPL) scheme on small businesses and their employees.

The ARA is the oldest, largest and most diverse national retail body, representing a \$400 billion sector that employs 1.3 million Australians – making retail the largest private sector employer in the country.

As Australia's peak retail body, representing more than 120,000 retail shop fronts and online stores, the ARA informs, advocates, educates, protects and unifies our independent, national and international retail community.

We represent the full spectrum of Australian retail, from our largest national and international retailers to our small and medium sized members, who make up 95% of our membership. Our members operate across all categories - from food to fashion, hairdressing to hardware, and everything in between.

As the scope of this inquiry is related to the experience of small businesses and their employees, we consulted with small business members to inform this submission.

Experiences of retail small businesses in administering the PPL

Any regulatory or administrative burden has a disproportionate impact on small businesses that do not have the resources and capacity of larger businesses. This is particularly true in relation to the administration associated with managing payroll and compliance with various types of leave entitlements, including paid parental leave.

For this reason, the ARA supports a policy approach that extends help to small businesses in understanding and fulfilling their regulatory obligations.

Preserving the employee-employer relationship

Maintaining continuity of employment through a period of parental leave can be important to employees and employers, particularly for small business. We therefore believe that small businesses should remain responsible for managing their obligations around paid parental leave, to preserve a relationship with their team members.

Boosting female workforce participation

The ARA supports measures to improve female workforce participation. We note that women make up 54% of the retail workforce and agree that paid parental leave provides a strong incentive for women to remain connected to employment while balancing family commitments.

More broadly, the ARA supports any measure that enables greater flexibility for working families. We support a policy approach that accommodates a diversity of family types and needs and we recognise that the changes that take effect from 1 July will help achieve this outcome.

The ARA also takes the view that the benefits of a more diverse workforce, enabled by more flexible paid parental leave arrangements, needs to be balanced against the employers' need for certainty to enable planning for workforce needs. This requires adequate notice provisions and clear obligations that are easy to implement, particularly for small businesses that do not have extensive, if any, expertise in human resources. Many small businesses are sole operators or partnerships where one person is responsible for payroll, compliance and tax obligations.

Opt-in or opt-out model for small businesses

The ARA does not support an opt-in or opt-out model. We believe that small business should retain control and oversight over the administration of the obligations under the scheme. This will enable small business employers to maintain a connection with their employees, supporting improved participation and engagement in the workforce for employees with caring responsibilities.

We encourage government to engage directly with small businesses about their obligations to ensure compliance. As an employer and industry association, the ARA is happy to partner with government in educating small retailer business owners about their obligations around paid parental leave.

Thank you again for the opportunity to provide a submission to the Committee. Any queries in relation to this submission can be directed to our policy team