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Working for business.
Working for Australia

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Senate Committee on Community Affair Legislation Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

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

Dear Committee Secretary,

Inquiry into the Fairer Paid Parental Leave Bill 2016

We write in response to the question of Senator the Hon. Kakoschke-Moore regarding the actual cost of the paymaster role on business.

In 2010, the Department of Social Services commissioned the Institute for Social Science Research at the University of Queensland to undertake a comprehensive evaluation of the paid parental leave scheme (PPL). It reported that around one third of employers reported they incurred additional costs in administering the paid parental leave scheme with scheme around 45 per cent of these reporting the cost to be less than \$250 and around 20 per cent reporting the cost as more than \$1,000.¹

The Australian Chamber acknowledges that the cost of administering the scheme may vary between employers and has previously made the following observations into the evaluation's findings which remain relevant in the context of this inquiry:

- The evaluation conceded the difficulties in estimating the total cost to the organisation necessary to implement the obligation in dollars.²
- 30% of respondents indicated that more than 15 staff hours were needed to implement PPL.
- The evaluation limited its assessment to the costs associated with implementing the PPL scheme and did not consider the ongoing paper and cost burden of administering the PPL payments.³

Accordingly the Australian Chamber submits that the results of the evaluation do not fully capture the impact of the paymaster obligations under the paid parental leave

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¹ The University of Queensland, "Paid Parental Leave Evaluation: Phase 2 Report" (2013) [5.3.8].

² The University of Queensland, "Paid Parental Leave Evaluation: Phase 2 Report" (2013) [5.3.8].

³ See Australian Chamber [Submission into the Review of the Paid Parental Leave Scheme](#), July 2013.



scheme and that the actual cost is greater than reflected in the dollar amounts referred to in the evaluation report when time and ongoing resources are factored in.

As noted in the Australian Chamber's earlier submissions, a pre-election survey conducted in 84.3 per cent of businesses surveyed either agreed or strongly agreed with the statement that "the Government should not require employers to be the paymaster for the Paid Parental Leave scheme". Figure 1 below provides a breakdown of the responses.

Figure 1

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	N/A
The Government should not require employers to be the paymaster for the Paid Parental Leave scheme	64.7	19.6	11.8	1.9	0.9	1.1

(Source: ACCI, *ACCI Pre-Election Survey* (May 2013), p. 10)

A similar pre-election survey was conducted specifically for the small business sector (Small Business Pre-Election Survey). The opposition of SMEs to the 'paymaster' obligations was even higher. Of the 1,096 small businesses surveyed, 86.5% either agreed or strongly agreed that "the Government should not require employers to be the paymaster for the Paid Parental Leave scheme."

These statistics confirm that Australian businesses object to the overwhelming compliance burden associated with administering the PPL scheme.

Yours sincerely

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