



1. The Motor Trade Association of South Australia Inc

The Motor Trade Association of South Australian Inc (“**MTA SA**”) is a member-funded organisation of around 1,000 businesses within the motor trade industry in South Australia. We represent a broad industry base including automotive repairers, service stations, tyre specialists and car dealerships. Member businesses are of varying size and structure from both metropolitan and regional South Australia. Around 90% of MTA SA members are businesses which employ less than 15 employees.

2. Support for a the Productivity Commission model

The MTA SA supports the Productivity Commission model (“**PC model**”) subject to the positions outlined in 3 – 6 below.

3. Employer contributions to superannuation

Employers have three main obligations under the PC model:

- a. Contribute superannuation of \$881 for maternity leave and \$98 for paternity leave;
- b. Act as paymaster; and
- c. Guarantee the employee employment after the leave period.

Employers also have the additional existing costs of finding replacement staff and retraining replacement staff.

The MTA SA recognizes that employers must play a role in the provision of paid parental leave. Generally employers support the scheme, as it encourages retention of quality staff and female participation in the labour market. MTA SA supports the employer obligation to act as paymaster and guarantee employment.

In regard to draft recommendation 2.1, the MTA SA does not support the obligation on employers to continue contributions to superannuation funds. This cost of \$881 per employee on paid maternity leave and \$98 per employee on paid paternity leave should not rest with the employer. For the purpose of superannuation, paid parental leave should be viewed as special leave, which does not accrue superannuation. If the Productivity Commission deems superannuation contributions essential, this cost should also be picked up by the Government, rather than employers.

4. Eligible employees

The Productivity Commission model defines eligible employees as anyone who has worked consistently 10 hours or more per week over 12 months prior to the date of the expected birth. The PC model expressly states that the 12 month qualifying period can be served with several employers. The eligibility test is best summarised as:

- a. 10 hours or more per week
- b. 12 months continuous employment; and
- c. Working for a succession of employers, or several employers at once.

The PC model may allow some ridiculous situations. For example, an employee could potentially commence employment with a new employer while being 5 months pregnant. The new employer cannot terminate the employee's employment for fear of discrimination and is liable for all obligations set out in 3 above. In particular, if the employer is responsible for superannuation contributions, the most recent employer must bear the burden of the \$881 contribution. The PC model may also discourage employers from taking on employees that they believe are pregnant.

The MTA SA does not support the eligibility test as set out in the PC model and suggests the following alternatives:

a. 15 hours or more per week

The PC model's intention is to ensure that eligible employees have a genuine connection with the labour force. MTA SA believes that 15 hours is a more realistic connection, being the equivalent of 2 working days, or two-fifths of an ordinary working week. 15 hours of the federal minimum wage is also approximately the rate of unemployment welfare benefits. 15 hours is a common-sense level for eligibility.

b. 18 months continuous service

Currently, an employer can be employed for less than 3 months before falling pregnant and becoming eligible for unpaid maternity leave. 12 months to the date of expected birth is not a fair qualifying period for employers who often engage employees on three or six month probationary periods. If an employee is lawfully terminated during probationary period, and happens to be pregnant, the employer is susceptible to claims of unlawful termination.

It is also unreasonable to expect an employer to pay superannuation, act as a paymaster and guarantee employment for an employee who has served such a short period. In this respect, the PC model would surely lead to employers avoiding the employment of women in their 20's and 30's.

The feedback from our members is that 18 months with one employee is an appropriate qualifying period for eligibility. 18 months ensures an employee has a medium term commitment to a business at the time of taking leave.

c. 18 months continuous service with one employer

The PC model would allow employees who have been engaged with a business for only a couple of weeks to access paid maternity leave. It would also mean that employee could be employed by a succession of employers and the final employer is liable for obligations under the model. If employers are expected to actively contribute to the system, it is essential that employees on parental leave have a genuine medium-term connection to the business.

5. Notice period for extending leave

Under draft recommendation 2.8, employees would be required to give six weeks, rather than four weeks notice to an employer before extending their parental leave. MTA SA agrees that employer's should be given as much notice as possible, at least six weeks.

6. Government provision of advice to employers

MTA SA supports draft recommendation 2.9 which requires the Government to provide extension support to employers in the application of the new parental leave system.

7. Conclusion

MTA SA welcomes the Productivity Commission's commitment to consultation with the Australian business community. We trust the views expressed in this submission will be given adequate consideration. MTA SA looks forward to the implementation of a paid parental leave system which is fair and equitable to both parents and the business community.