

# Kevin Rudd and Labor

## A New Way



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### **CUTTING BUSINESS RED TAPE – PAID PARENTAL LEAVE PAYMENTS**

#### **Policy Summary**

The Rudd Labor Government will enable businesses with fewer than 20 employees to streamline administration of our successful Paid Parental Leave (PPL) scheme.

Small businesses will be able to have Centrelink make PPL payments to their employees whilst they are on parental leave.

This will slash red tape and compliance costs for small businesses. Those small businesses that wish to stay connected with their staff will still be able to opt-in if that meets their needs.

#### **Why is this change necessary?**

The Rudd Labor Government has listened to business, and understands that in the current economic environment small businesses need to be able to devote their scarce time on adapting to thrive as our economy transitions away from the China mining boom.

The Rudd Labor Government's PPL scheme is designed to be simple for employers. The recent evaluation of the scheme found that most employers have found their role straightforward and easy.

At the same time, the Rudd Labor Government recognises that some small businesses want the option of having their PPL payments managed by Centrelink.

Federal Labor outlined a new national competitiveness agenda based on seven strong pillars and we've made delivering a new approach to the regulatory impost on business from all levels of government a priority.

This is a practical measure that will provide real support for small business and lead to an improved operating environment so that they can focus on growing their businesses.

### **How does it work and what are the key features?**

A re-elected Rudd Labor Government will remove the requirement for businesses with fewer than 20 employees to pass on Government-funded PPL payments to their long-term employees.

From 30 September 2013 the Government will pay eligible employees of these small businesses directly, reducing the time small businesses spend on administering these payments.

Centrelink already makes direct payments to around a quarter of parents, such as where a parent resigned from their workplace before the birth of their child or if an employee hasn't been with their employer for at least 12 months. This change will enable small businesses with fewer than 20 employees to access the same arrangements.

### **How will you pay for the services?**

The Department of Human Services will make payments directly to new parents through Centrelink improving the operating environment for small businesses by removing their obligation to administer the payment.

Those small businesses that wish to continue the connection with their staff and would prefer to continue making the payment will still be able to do so on an opt-in basis.

### **What is the cost to Budget?**

Having Centrelink administer PPL payments for small businesses will cost \$10.3 million over the forward estimates.

Funding for this commitment is included in the budget. See the measure *Improved operating environment for small and medium enterprises* in the Pre-Election Economic and Fiscal Outlook.

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