

8 May 2010

Submission re: *Paid Parental Leave Bill 2010*

Honourable Senators and Members of the Committee,

1. Paid Parental Leave is unfair

I would like to draw to your attention the inequity of the proposed *Paid Parental Leave Bill 2010* towards families whose mothers give up income to do their own childcare work over paid work.

The effect of the “work test” (in sections 32 – 36 of the Bill) is to further discriminate in the payment of children’s care funding against families already using “parental childcare” for older children. According to budget figures, these families already get, on average, half as much children’s care funding from the government through Family Tax Benefit B, than families that outsource their childcare. (In any case, Family Tax Benefit B should not be treated as childcare funding, as it fails to fully compensate single-earner families for their inability to income split for tax purposes.)

Paid Parental Leave will effectively redistribute government funds from families that do their own childcare to those that don’t.

Children whose own mother cares for them should have the same rights as any other Australian child. Australians denounce discrimination and it is enshrined in law, however this proposed program clearly discriminates unfairly against children in the care of their mothers. Surely we do not want to create a two-tiered society of first and second class citizens? I reiterate that every child should be treated equally.

2. Paid Parental Leave will hurt low income families.

In many cases very high income families (where mum earns \$150,000 on top of the father’s income) will benefit from Paid Parental Leave. This is unfair when low income families who care for their own kids will miss out and get on average \$2000 less via the Baby Bonus.

3. Paid Parental Leave will impose a net cost on the budget

The government has failed either to understand or to explain the public the true cost of Paid Parental Leave. The scheme was deliberately designed (based on the Productivity Commission’s Report into Paid Parental Leave dated 12 May 2009) to induce increasing numbers of women into paid work.

As this happens, the net projected cost of Paid Parental Leave (estimated in the Bill's *Explanatory Memorandum* at \$730 million over the four years from 2009-10 to 2012-13) will blow out beyond these projections as the numbers of government-funded Paid Parental Leave recipients increase. Overseas experience shows that Paid Parental Leave schemes never "pay for themselves", with increased taxes generated from increasing female paid workers. Rather, new taxes will have to be levied to pay for it, thereby impoverishing Australian families and conscripting more mothers into paid work to fund this unproductive subsidy.

Funding for Paid Parental Leave will increasingly drain funding from other programs such as Health and Education.

Recommendation:

Paid Parental Leave in its current form is grossly unfair and costly. It will tax future generations and impoverish the second class families that miss out on it.

I submit that the draft *Paid Parental Leave Bill 2010* be amended to supplement the Baby Bonus to give all mothers equal birth funding for every Australian child.

Yours sincerely,

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