



Liberal Women's Council (WA)

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Senate Standing Committee on Community Affairs

Department of the Senate

PO Box 6100

Parliament House

Canberra ACT 2600

11 May 2010

Submissions on Exposure Draft of the Paid Parental Leave Scheme Bill

The Liberal Women's Council (WA) is the peak body for women in the WA Liberal Party and represents women from fifteen Divisional Women's Committees across Western Australia.

In putting forward this submission the Liberal Women's Council (WA) firstly notes with some regret the lack of time that has been provided for public submissions. Although the issue of Paid Parental Leave was initially referred to the Committee on 18 March, the actual exposure draft of legislation was only itself released by the Government on 4 May. With the deadline for submissions being set at 11 May this has allowed only one week for the draft legislation to be considered, which we consider to be insufficient time for a proper and thorough consideration of the specific details of the draft legislation. This is disappointing given the importance of this legislation for Australian families, and the fact that almost a year was allowed to pass from the announcement of the introduction of a Paid Parental Leave scheme until the release of the draft legislation.

For the purposes of this submission there are two key areas of the exposure draft that the Liberal Women's Council (WA) wishes to focus on, namely the questions of superannuation and the administration of the scheme.

1. Superannuation

The Liberal Women's Council (WA) notes that the exposure draft does not include superannuation as a component of the proposed Paid Parental Leave legislative package. We believe that the legislation should be amended to include superannuation contributions. The gender gap in retirement savings is a growing problem in Australia, and research shows that Australian women (for a variety of reasons) are particularly vulnerable to poverty in retirement. The lifetime superannuation savings of a typical Australian woman with children have been estimated to be 35% less than for a man in a similar job¹. Including superannuation as a component of the Paid Parental Leave scheme will help to reduce the financial penalty associated with women leaving the workforce to have and raise children, and is an important step towards the broader aim of reducing the existing retirement savings gap.

2. Administration of the Scheme

The exposure draft currently provides that, in most cases, employers will be responsible for administering parental leave payments to their employees, subject to a six month transitional period where the Family Assistance Office may make the payments directly. This creates a significant additional administrative burden for employers (particularly small businesses) and adds unnecessary red tape. The Liberal Women's Council (WA) is opposed to requiring employers to act as "paymasters" for a Paid Parental Leave scheme and believes that it would be preferable for the administration of the scheme to be entirely undertaken by the Family Assistance Office, who will already have responsibility for receiving applications and assessing eligibility for payments. In our view, the proposed benefit of strengthening the link between the employer and employee is outweighed by the administrative burden and additional costs that would be imposed on employers, and the added complexities of requiring families to deal with both the Family Assistance Office (for the initial application and assessment) and with individual employers (to actually receive payments). The scheme would, in practice, be much simpler if it was wholly administered through the Family Assistance Office.

Yours sincerely,

Lorraine Finlay

President, Liberal Women's Council (WA)

¹ Rice Warner Actuaries, *Superannuation Savings Gap for Women (prepared for the Investment & Financial Services Association)* (March 2010), at pp. 5, 13.