

Submission to the Senate Inquiry into Paid Parental Leave Bill 2010

To: Senate Inquiry Submission
Paid Parental Leave
Department of the Senate
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Parliament House Canberra ACT 2600

We have become aware of the exposure draft of the Paid Parental Leave Bill 2010 and of the opportunity to make a submission to the Senate Enquiry.

Our primary concern is that mothers who are not in paid work and those in part-time work will be penalised relative to mothers in full time work. There are other concerns too.

For as long as we have been parents (35 years) we have been a single earner family. We have always paid a higher effective tax rate because there has been only one income, ie, unlike a two income family, the household's tax threshold has been at the level set in the tax scales for one person's income; for a two income family, the amount of tax free income is double that. This inequity contributes though the whole of the tax scale. We do wish to see that this type of discrimination should be repealed in Commonwealth legislation. Unfortunately it will be in the Bill.

The Bill should be amended to eliminate discrimination. A flat benefit to all eligible families would be equitable, and not regressive in its application to those families willing to make some sacrifice in earned income to commit to caring for their own young children.

The Bill's mistreatment of families choosing to care for their own children is continued through the proposed test which unfairly excludes non-paid mothers who chose to do their own full-time childcare (it was called parenting once) between pregnancies. There are many mothers who do go back to work between pregnancies to essentially pay for childcare – why is this pressure on the childcare system any more worthy of the assistance proposed under this Bill than that provided at home?

The suggestion implicit in this inequity is that mothers are primarily an economic unit who suffer the inconvenience of being women who must unfortunately mate and produce future economic units. If you aren't part of the priced economy you count for less. This is surely not at the heart of the Bill. It should be amended to remove the work test at sections 32 to 36 of Bill and the income test at sections 37 to 41 of Bill.

As an aside, it would seem that the administrative complexity of the Government's initiatives which has marked the last two and half years, will continue with this scheme. A wise approach would be to identify the most equitable scheme and then seek out the most efficient administrative arrangement. A two tiered scheme invites complexity, particularly it seeks to cope with the circumstances of mothers responding to the needs of their children and move between the two levels of eligibility. And then there are the safeguards needed to protect Commonwealth revenues from overlapping support schemes which afford opportunity for two bites of the cherry. The administrative burden the taxpayer can expect will be frightening, and it will be because the end has ignored the means.

This hints that the 'devil is in the detail'. That detail is not available from the Explanatory

Memorandum. The EM advises that the cost of the scheme is expected to be offset by increases in tax revenue and by reductions in baby bonus and family tax benefit Part B outlays and tax offsets for people receiving parental leave pay. The estimations of those savings are quite complex, and the Parliament should not be asked to accept this expectation without the benefit of sighting and analysing the calculations which should have been done to support the claim.

We urge the Senate to assert its role as the House of review by recommending changes to the exposure draft Bill to ensure fairness and achieve best value for the taxpayer.

Thank you for the opportunity to make this Submission.
