

To the Parental Leave Inquiry,

As a private citizen I wish to submit my comments regarding the proposals to remodel the Baby Bonus and/or offer Paid Maternity Leave options etc.

What is most disturbing is that the focus is on the parents and most especially the economic effects on these people and not the offspring (child) created at the end of a period of time commonly known as pregnancy.

In is my observation that 99% prospective parents enter into relationships and willingly make a free choice to participate in a certain natural & artificial activities that often result in a pregnancy, and will likely result in a child(s) 9.5 months afterwards.

Looking at the situation of the parents from purely financial perspective, they should at least do their homework, which may unfortunately result in an outcome suggesting they are not in a financial position to continue. That said given the lack of responsibility and acknowledgment of the reality shown by some parents, the \$5000 bonus is seen by some as a carrot and by others a hand-out to misuse like buying big screen televisions and consumer goods not directly related benefiting the child.

To be hard nosed if they can't afford the short term costs (without the \$5000 baby bonus or alternatives), then they probably should stay away from Tab A and Slot B games and consider something else which may well prove beneficial to a continued and healthy relationship without children, until circumstances change.

Where I am leading to is the \$5000 baby bonus or paid maternity leave options are ultimately token short term gestures by the government to fill perceived short term financial pressures. In my opinion neither are strong measures that will meaningfully contribute to long term well-being of the off-spring who will likely be in the care of the parents for 18+ years after the 9.5 months of pregnancy.

However, if the government is willing to continue contributing such support, I believe the focus of the money should shift to the contribution directly assisting the off-spring by one or both of the two measures following. Either option will see a ROI fair in excess of the initial \$5000 outlay.

Option # 1

Make a contribution into the "Child's Superannuation Fund".

I see a \$5000 input made at age 0 which is 15-16 years before entry into the workforce when regular contribution usually begin, as a valid option, that has a strong long term benefit. In my opinion such a mechanism will instil good fiscal principal in the child, who will grow up seeing a growing balance sheet that suggests saving early leverages compounding interest in the capital market. Such a measure will also give the child a level of financial independence which will at the very least lessen the long term impact of their parent's individual circumstances should they grow up in an unsatisfactory family or poor financial environment.

In raw terms the \$5000 left to compound at 8%pa (av. commercial super return), for 65 years will be worth in excess of \$750,000 at nominal retirement age. Factoring in inflation which is generally much lower than 8% this sum will be very sizeable by any future measure.

contd.

Option #2

Making a contribution into a “Special Education Fund”

A \$5000 input in a Special Education Fund with a nominal 5%pa return would see \$250pa made available every January for school fees, books, uniforms etc, whilst retaining the principal intact. If the principal is not consumed in the primary/secondary phases of education the fund could then be cashed out as block payment for tertiary or further education purposes.

I see this option as particularly beneficial to both parents and the child as the interest earned will double the value returned as compared to the principal input. The incremental support payments will no doubt provide on-going assistance addressing the annual back to school expenses.

As applicable to both Options additional progressive payments could be added, should public policy or private circumstances dictate, as I am very positively sure that in the medium to long term general society and especially the direct benefactor's of such arrangement's will recognise the financial vehicles suggested are golden opportunities to create solid financial bases for the next generation.

For consideration.

Yours sincerely

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