

11 November 2008

Mr R Fitzgerald AM  
Commissioner  
Inquiry into Paid Maternity, Paternity and Parental Leave  
Productivity Commission  
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Business  
Council of  
Australia



Dear Commissioner Fitzgerald

#### **PAID PARENTAL LEAVE DRAFT INQUIRY REPORT**

On behalf of the Business Council of Australia, I wish to comment on the Commission's draft report: *Paid Parental Leave: Support for Parents with Newborn Children*, Draft Inquiry Report. The Business Council of Australia represents the Chief Executives of Australia's top 100 companies, which employ one million people.

As I stated in my earlier letter to you of 29 May 2008, the BCA supports the introduction of a universal parental paid leave scheme for Australia. We have two major reasons for that support. The first relates to the way in which it will facilitate greater workforce participation by women of working age. The second is the boost it gives to child and maternal health.

Australia needs to support as many women of working age participating in the workforce, while also raising families. It needs as high a workforce participation rate as possible, as Australia's population ages and its workforce, based on current participation rates, shrinks. Although the rate of women with children in the workforce has increased significantly, there is still scope to increase this further, particularly among lower paid employees.

Supporting parents to juggle both family and work responsibilities requires a variety of supports to be established. Access to paid parental leave is one major support. To the extent that the majority of women or primary carers do not have access to this at present, the introduction of a universal scheme is an important initiative. Recognising that the benefits accrue more broadly in the economy, together with the additional cost burden such a scheme imposes on smaller and medium-sized business, the proposal to fund such a scheme from general tax revenues is welcome. We note that even the additional costs that arise from the proposal that superannuation costs be paid by employers may prove difficult for some employers. However, for the vast majority of the BCA's members the scheme represents only a slight increase in what is already current practice and will allow investments to be made by them in some of the other supports that facilitate the work/family operation. Access to reasonably

priced and quality child care, flexible working arrangements and breast feeding facilities are three of those most highly valued.

The second major reason we support the Commission's proposal is that it provides a strong potential boost to child and maternal health. At a time when preventative health measures are being considered as a key strategy to address chronic disease, the research you have presented reflects well the consensus among health professionals that an absence from work for up to six months has a major health benefit for both mother and child, not just in the short term but also in the longer term. It also sets the conditions on which the early childhood development investments that government is proposing to make, are likely to succeed. Poor infant or maternal health and a weak bonding relationship are believed to both undermine the later health status, particularly of the child, and its later educational development. Since the BCA's view is that Australia must work to improve its health and education outcomes, this investment in paid parental leave to enable absence from work through the first six months, is an important development. To the extent that this assists lower SES groups who typically do not share in the health and educational outcomes of average Australians this proposal can be seen as an important aid to breaking the cycle of disadvantage.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Katie Lahey', with a stylized, cursive script.

**Katie Lahey**