

4 November 2008.

The Chairman  
Productivity Commission  
PO Box 80  
BELCONNEN ACT 2616

Dear Sir,

### Draft Report – Paid Parental Leave

There is no doubt that a segment of the community will welcome the Commission's proposals for paid parental leave. However, the Commission is not there to support a popular opinion of a segment of the community. We look to the Commission to provide the government with sound objective advice.

According to the Commission's assessment, the cost to the taxpayer of adopting the recommendations would amount to a staggering \$450 million. This immediately raises three questions:

- (1) what are the economic benefits to offset such costs;
- (2) can the community afford such a measure; and
- (3) are there other more deserving ways of allocating these funds.

Question (1) has not been covered in depth. There is little attempt in the report to quantify the economic benefits in detail. Many generalisations are made whereas I would have expected the Commission to be more rigorous in this regard.

In respect of the second question, I leave that to others to comment and simply make the observation that the current financial crisis coupled with commitments the government has already made to pensioners and first home buyers has probably demolished the likely budget surplus completely. Hence we are in a very tough economic climate that demands even closer scrutiny of government expenditure.

In addition, I note that many government programs require recipients of benefits to demonstrate that they meet a means test, a long established and important technique that helps to ensure that such scarce resources are directed to those most in need. Regrettably, I did not see any discussion on this important issue in the Commission's Draft Report.

Regarding the third question, I simply draw the Commission's attention to the findings of Access Economics in their report on "The Cost of Muscular Dystrophy", that the financial cost of MD to the community in 2005 was \$435 million, almost exactly what the parental leave proposal

will cost. In addition the value of the lost wellbeing (disability and premature death) was a further \$1 billion.

The MD community receives no special targeted assistance from the government. It therefore seems to me that when the struggles of families who have a member afflicted with MD (eg financing disability aids, operations, ventilators, 24 hour a day care, etc, etc) are considered, they should have a higher priority call on taxpayer's funds than at least those parents who have a reasonable income.

It would be appreciated if the above issues were addressed in the final report.

Yours faithfully,

(L G Stroud)  
MD Ambassador