

Inquiry Team  
Parental Leave Inquiry  
Productivity Commission  
GPO Box 1428, Canberra City, ACT 2601, Australia.

To Whom It May Concern;

**Inquiry into Paid Maternity, Paternity and Parental Leave.**

**Background to Business:**

We are a small family owned and operated business providing child care for over 1400 children from birth to school age across 12 centres. We have a small administrative team who process accounts and payroll.

Employee facts and figures:

- Currently employing 261 staff
- 99% of workforce are female
- Of the female team members 85% are aged between 20 and 40yrs (child bearing age)
- 56% of our employees have been employed with us for over 12mths and are eligible for parental leave under the National Employment Standards
- These numbers show that 125 of our staff fit the following criteria at this point in time
  - Female
  - Aged between 20 and 40yrs
  - Eligible for parental leave under the National Employment Standards
- Our annual budgeted payroll excluding oncosts is \$4.85 million.
- During the 2008 calendar year 29 staff members were identified as pregnant across our centres – while this is an average of 2.4 staff per centre, some centres experienced numbers as high as 5 pregnant staff during 2008.

**Feedback on Proposal:**

- In essence we agree with the benefits of introducing taxpayer-funded paid parental leave in lieu of other payments such as the Baby Bonus Scheme.
- Despite functioning with a small administrative team and only one payroll officer we believe that we will be able to act as 'paymasters' for the government-funded scheme on the condition that the proposed reimbursement mechanism is a credit to 'pay as you go' withholding payments to the Taxation Office.
- We agree with the entitlement being for a total of 18 weeks plus 2 weeks paid paternity leave at the minimum wage of \$544 per week.
- The ability to extend parental leave beyond 18 weeks with other forms of leave including paid and unpaid leave for eligible employees under the National Employee Standards is consistent with current entitlements and should remain a total of 12 months for all types of leave combined.
- The employee eligibility of continuous employment with one or more employers for an average of 10 weeks over 12 months for the tax-payer funded payment is positive for families. We do believe however that it would be more consistent for businesses to act as paymasters for all forms of tax-payer funded paid parental leave including for those eligible employees who have not served 12mths continuous employment with us.
- We have a great concern in the financial cost to our business should we be required to pay the superannuation contributions for eligible employees based on their actual salary at 9%. This is a double impact on the superannuation payments made as we will be paying the contribution for both the employee on leave and the employee replacing them

during this time. Based on the figures supplied in the "Fact Sheet: some implications for employers" this would be a maximum gross superannuation payment by an employer of \$881. Based on our figures this year showing 29 pregnant staff the potential cost would equate to \$25 549.

- The actual cost for employer funded superannuation contribution is actually higher than the capped \$881 as it will contribute to the overall cost upon which payroll tax and Workcover contributions are calculated. The \$881 cap per employee will equate to an actual business cost of \$936. Based on our above figures the actual cost for 29 staff is \$27 144.
- In addition to these costs the introduction of accruing leave entitlements such as sick, annual and long service leave be another burden on our family owned and operated company and will result in costs being passed onto families using our services.
- Over an 18 week period staff would accrue 3.5 sick days and 7 annual leave days. In our case for 2008 potentially 290 days accrued for payment including 203 annual leave days which are required to be "paid out" upon termination of employment. This means that we may be liable to pay an additional 7 days to employees who do not return to our employ post parental leave.
- Any addition to the cost of operations will result in an increase in fees being passed onto consumers who in this case are predominately working families. This is an unfortunate reality to business that we would like to avoid.

In essence, we are in support of the taxpayer-funded paid parental leave in lieu of other payments such as the Baby Bonus Scheme. We are also in support of the associated guidelines proposed including the duration, eligibility and caps on payments. We suggest employers act as paymasters for all eligible employees regardless of duration in their employ under the condition that it is reimbursed through a credit to 'pay as you go' withholding payments. We do not support the additional financial burden to employers associated with paying the superannuation contribution and associated leave entitlements accrued during this time. Any financial impact from this introduction will need to be passed onto consumers, in our situation this is the very families the scheme is meant to be supporting.

We know that we are not alone in our concerns and that other businesses both within and outside of the child care industry will struggle with the financial impact especially given the economic climate. We ask that you consider these points and find the appropriate balance between supporting parents with newborn children and their employers.

Yours Sincerely

General Manager