

# Family Day Care Australia

## Response to the Productivity Commission Inquiry into Paid Maternity, Paternity and Parental Leave 2008 Draft Inquiry Report September 2008



Paid Maternity, Paternity and Parental Leave is a long overdue social reform which will benefit the Australian community. Family Day Care Australia (FDCA) advocates that the paid parental leave scheme should be made available as soon as possible and that funding for the scheme should be announced in the 2009 Australian Government Budget. FDCA supports a staged implementation of parental leave benefits, recognising current economic constraints, but remains firm in the commitment to at least 6 months fully government funded parental leave.

FDCA supports in principle the introduction of the model proposed by the Productivity Commission as outlined in the Draft Inquiry Report September 2008. The Commission model proposes 18 weeks paid parental leave, an additional 2 weeks paternity leave, payment at the adult minimum wage subject to taxation, all of which is fully tax payer funded.

FDCA supports:

- Universal, government funded maternity leave for 26 weeks (6 months) paid at average Australian weekly earnings because of the demonstrated benefits of both breastfeeding and strong maternal attachment on the health and well being of children
- Four weeks (one month) supporting partner leave
- Parental access to additional Child Care Benefit (CCB) for allowable absences for siblings to allow sibling attachments to be formed
- Financial Incentives for workplaces to contribute to the costs of recruiting and training temporary relieving staff
- Family Day Care care providers provided access to relief carers to maintain business continuity through the development and funding of a relief carer system which is mandated through the national regulatory and standards
- The introduction of family day care carer Tax Benefit C – an allowance which recompenses self employed home-based carers who have their own young children and lose income because their own children hold unfunded occupied places
- The provision of alternative options for parents who wish to extend their leave beyond 6 months for example a savings incentives scheme with government co-contribution and/or HECS-style loans
- Government allowances for contract, casual and self employed workers which are equivalent to the leave and superannuation entitlements of employed workers

The Productivity Commission Draft Inquiry Report September 2008 makes wide ranging recommendations which FDCA supports in principle. FDCA agrees that universally available parenting leave will facilitate improved well being for families, maintain women's attachment to the workforce and will recognise the importance of caring for infants. FDCA agrees that more support for breastfeeding and strengthening of policies that develop the skills of those with newborn children will be of benefit. FDCA maintains the view that paid

maternity leave should be at least 26 weeks (6 months) in duration, funded by government at the average wage and that supporting parents should be provided four weeks supporting partner leave.

FDCA supports a system which is flexible, recognises the diversity of the Australian workforce and is administratively simple.

**The Commission seeks input into an effective arrangement to deal with the definition of the self employed/contractors and that would ensure appropriate compliance.**

The payment system needs to be straightforward, simple, cost effective and not administratively onerous for either families or the administrators. Where possible payments should be made using existing systems, using online and electronic means and should link to existing records, for example the previous year's Tax Assessment, to ascertain eligibility. Payments should not be connected to welfare payments systems therefore FDCA advocates that payments for self employed/contractors, including contract and casual employees be paid fortnightly through the Family Assistance Office or Medicare with as little 'red tape' as possible.

Compliance mechanisms should be unobtrusive but rigorous. Linkages to the Taxation system will highlight any possible 'double dipping' where self employed contractors, for example, might try to continue to operate their full time business while being paid to be on parenting leave.

**The practicality and merit of allowing paid parental leave to be taken part time**

Part time paid parental leave would enable self employed/contractors to attend to their business priorities while maintaining a close attachment to their infants and continuing to breastfeed for as long as possible.

FDCA supports a system which is flexible and responsive to the range of family arrangements and preferences. Part time parental leave would enable a variety of combinations of parental and non parental care. Parental choice should be the driving principle, with government systems designed to assist the diverse range of parents in a timely and efficient manner. Instructions for the administration of entitlements should be made clear to employers, emphasising the rights of employees and the benefits of the paid maternity scheme broadly.

Because family circumstances change, especially after the birth of a first child, systems should be in place to accept variances in leave arrangements, focusing on the best interests of each child in the context of its family and community.

The access to Child Care Benefit (CCB) during paid parental leave is vital, for both work related and/or non-work related purposes. Non-work related childcare provides respite for parents during a demanding and exhausting period of their lives. Using non-work related childcare hours can prepare an infant (and parents) for entry into the childcare environment. Early childhood professionals in the childcare sector provide much needed advice and support to new parents. Referrals can also be made to other agencies which may assist in the assessment, advice and interventions to enhance the health and development of very young babies.

The continued provision of In Home Childcare for at risk families will assist the health, well being and development outcomes for infants.

The access to a mix of paid parental leave, informal and formal childcare will benefit many children and families.

### **Whether or not and how the scheme could provide fathers with more equal access to paid parental leave without the risks of unintended consequences**

Both parents play vital roles in the nurturing and growth of their infant. In recognition of the importance of the fathers role in the early months of an infants development, FDCA advocates for four (4) weeks paid paternity leave which may be taken in conjunction with the mothers paid maternity leave. Flexible combinations of leave will prove to be the most effective support for many families, many of whom have older children in childcare and/or school and complex family responsibilities.

Consideration should also be given to extending the scheme to support grandparents, especially where grandparents are the sole carers for their grandchildren when young parents are unable to provide suitable care for their children. Grandparents now remain in the paid workforce longer and access to paid time to care for their grandchildren is necessary to support them when they are the sole carers for their grandchildren.

### **The likely disruption to employers associated with employees taking longer periods of leave**

Workforce participation for women is a social change which has become widely accepted in our communities. The benefits and disadvantages of paid maternity leave have been discussed for some time. While longer periods of leave for women may result in changes to the ways employers approach workforce planning any disruption to employers will be offset by the retention of a skilled and committed workforce, with equal opportunity for male and female workforce participation.

Disruption will be present in other sectors as well, especially as self employed/contractors need to keep their business strong and, this can be difficult without continued attention, particularly for sole operators. In the family day care sector the recruitment and retention of skilled care providers is an ongoing issue. The loss of skilled experienced care providers is detrimental to the service as a whole so the benefits of skilled workers returning to the sector offset any disadvantage.

Both maternal and paternal parental leave will encourage parents to take leave after the birth of their children. A pool of workers will be required to temporarily fill vacant positions. In some sectors this relief staffing will be difficult to find. Financial incentives will assist and ease the burden of additional workforce recruitment on employers who employ a high percentage of workers of child bearing age.

### **The patchwork of Government programs that support parents with children under 2 years of age**

The paid parental leave system as outlined by the Productivity Commission combines a range of programs which are designed to assist families with young children. FDCA supports the simplification of Government payment systems and processes as long as families are not disadvantaged and that some families do not slip through the cracks. Rigorous review and

evaluation are essential to ensure that the new system is effective and able to adjust to the particular needs of the diverse families in our community.

**Whether other leave entitlements should accrue during the period of leave – costs and appropriateness**

Paid parenting leave acts as a workforce participation incentive for women. Other leave entitlements (sick leave, recreation leave and long service leave) should accrue while the workers are on paid maternity/paternity and parenting leave.

To ensure equity, contract, casual and self employed workers should receive a Government allowance which is equivalent to the leave entitlements of employed workers.

**The costs of mandating the provision of capped employer superannuation contributions while a parent is on paid parental leave**

Capped employer funded superannuation contributions should accrue while the workers are on paid maternity/paternity and parenting leave.

To ensure equity, contract, casual and self employed workers should receive a Government allowance which is equivalent to the superannuation entitlements of employed workers.