



# Australian Council of Social Service

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Dear Secretary,

**Re: Submission to Inquiry into Fairer Paid Parental Leave Bill 2016**

Thank you for the opportunity to participate in this inquiry into the *Fairer Paid Parental Leave Bill 2016*.

ACOSS is the national peak body for the community services sector and an advocate for the reduction of poverty and inequality in Australia.

The bill would make a number of changes to the existing national government funded Paid Parental Leave scheme, including:

- Capping total Paid Parental Leave entitlements, including both employer provided and government funded leave, at 18 weeks at minimum wage;
- For those with access to employer funded Paid Parental Leave, reducing entitlements to government funded Paid Parental Leave to the residual number of weeks up to the 18 week cap and/or the gap between the employer funded entitlement and the minimum wage;
- Providing more flexible back dating provisions;
- Loosening the work test to enable employees in hazardous roles to still access the government funded scheme; and
- Removing the requirement for employers to administer the government funded scheme, with payments to be made directly by the Department of Human Services.

The combined effect of the above measures would deliver an estimated budget saving of \$1,179 million/4 years.

An essential component of the current government scheme, developed by the Productivity Commission, was that it would supplement existing employer-funded schemes.

In analysing the proposed changes, it is important to note that the current government funded Paid Parental Leave scheme, which provides 18 weeks of pay at the minimum wage without superannuation (of which two weeks can be claimed by the carer's partner), is not generous by global standards. Australia is ranked second to last among OECD nations with only the United States



behind us (which lacks any national government funded scheme). The Australian scheme falls short of the International Labour Organisation's recommended 18 weeks at normal pay and the World Health Organisation's recommended minimum of a 26 weeks period for breastfeeding and maternal bonding.

Given this context, the Government's objective at this time should be to work towards strengthening the current scheme to meet recommended minimum global standards, not to weaken current entitlements to achieve budget savings. We therefore reject the savings measures in the current bill. We do, however, support the proposed changes to backdating provisions and the work test for those in which will make the system fairer and more flexible.

We note that since the introduction of the bill, further amendments to the current scheme have been mooted, including a proposal to improve entitlements for women with few or no workplace entitlements - i.e. less than 2 weeks paid parental leave – by lifting their minimum government funded leave period to 20 weeks. While we support reform to strengthen the existing scheme, especially for those with no or minimal access at present, we do not accept that this should be funded through a retreat from universalism, given the very modest starting point and the budget alternatives available. We note that the current scheme is already subject to a means test, with women earning more than \$150,000 per annum not eligible.

In designing families policies, it is important to make a distinction between services and payments which should be provided on a broadly universal basis for economic, employment or child development reasons, in which we include Paid Parental Leave and child care, and those which should appropriately be targeted according to means, in which we include family tax benefit payments, for example. Paid parental leave should be a universal workplace entitlement. On the other hand, we have supported reforms to redistribute family tax benefits from some families on relatively high incomes to boost the incomes of those on the lowest incomes while strongly opposing cuts to families in the bottom 20%.

Fundamentally, we reject any attempt to achieve budget repair by undermining key policies to support women and children through the life-course, including Paid Parental Leave, family payments and childcare for low-income families.

Thank you again for the opportunity to submit to this inquiry.

Yours sincerely,

Cassandra Goldie  
ACOSS CEO