



12 November 2008

Robert Fitzgerald AM  
Presiding Commissioner  
Parental Leave Inquiry  
Productivity Commission  
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Dear Commissioner

The Chamber of Commerce and Industry Queensland (CCIQ), formerly Commerce Queensland, welcomes the opportunity to comment on the Productivity Commission's draft inquiry report into Paid Parental Leave.

CCIQ strongly opposes the Productivity Commission's draft recommendations that employers act as 'paymasters' for the government funded paid parental leave scheme, and that business provide superannuation contributions for employees for the period of leave taken.

These recommendations if implemented, would impose significant costs on employers and are at odds with the objectives of providing jobs growth and increasing participation of women in the workforce.

### Draft Recommendation 2.2

The Queensland business community is not opposed to the notion of a taxpayer funded paid parental leave scheme (see section 7.0 of CCIQ's June 2008 submission). However whilst the Productivity Commission has stated that the proposed scheme is to be funded by the taxpayer, the reality is that business will be saddled with considerable costs at a time when they can least afford it (see section 5.2.3).

Accordingly Queensland businesses are strongly opposed (see section 5.1) to funding superannuation contributions arising from the federal government funded paid parental leave scheme. This recommendation will create a significant additional and unaffordable cost of at least \$880 per employee accessing paid parental leave.

According to the Commission's own estimates this payment will need to be made to at least 85% of employees seeking paid parental leave. Cumulatively this recommendation will cost the Australian business community in excess of \$80 million per annum with a large proportion of the remaining \$450 million also funded by business through their taxes.

Employers will also be required to pay other labour on-costs such as payroll tax and workers compensation premiums on this amount. Accordingly despite the best intentions of the Productivity Commission it is likely that an unintended consequence of the proposed scheme will be discrimination against women of child bearing age (see section 9.2).

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### **Draft Recommendation 2.3**

It is important that businesses, particularly small and medium-sized businesses, are not burdened by the administration of any scheme. Any national paid parental leave scheme must be wholly administered by government (see section 7.6).

The scheme recommended by the Productivity Commission entails a significant contribution by employers in terms of administration, which will have major cost and cash flow implications.

### **Draft Recommendation 2.7**

CCIQ is concerned that the relatively generous 20 weeks duration of parental leave to be taken by employees will impact considerably on business. With additional money available the incentive for an early return to work will be diminished. This will ultimately undermine any objective of increasing participation in the workforce or the 'quid pro quo' that has incorrectly been identified by the Commission (see section 9.1).

### **Concluding Remarks**

CCIQ encourages the Productivity Commission to reconsider these recommendations in light of the global financial crisis which is currently undermining business and is significantly threatening economic growth within Australia.

The proposed introduction of a combined taxpayer/employer funded Paid Parental Leave Scheme presents significant risks to the economy. Now is not the time to be making decisions that have the potential to undermine business and employment growth.

Yours sincerely



Paul Bidwell  
**General Manager – Policy**