

17 April 2009

## Media release

For comment, please contact:

Serena Rogers (02) 6162 4140 / 0421 759 262

---

### **Paid parental leave pays for itself and boosts the economy**

Australia could introduce a paid parental leave scheme that pays for itself, creates nearly 9,000 new jobs and boosts the economy, new modelling by The Australia Institute shows.

The paper *Long overdue: The macroeconomic benefits of paid parental leave* shows that spending on such a scheme is a highly efficient way to stimulate the economy, leaving little reason for the Government to delay its introduction.

“The Productivity Commission estimated its scheme would mean a \$450 million net cost to the budget. The additional GDP this generates is likely to create around 8,900 new jobs,” said David Richardson, Senior Research Fellow at The Australia Institute.

“Our analysis shows that the PC model can also be delivered for much less than previously thought, as additional multiplier effects reduce its net cost to \$225 million.”

In the future, the flow-on effect of paid parental leave on women’s participation in the labour market is likely to generate additional GDP of at least \$2.5 billion and additional Government revenue of \$625 million. This means that the additional Government revenue from more women working will more than pay for the scheme when it matures.

“While we acknowledge the Government may have some tough choices to make in the light of the economic downturn, there is no question that paid parental leave remains affordable,” said Mr Richardson.

“There can be little doubt that caring for a newborn and taking time off work has a significant impact on the family budget. There can also be little doubt that financial assistance to such families will be spent rapidly, spent fully, and spent in local shops rather than on foreign holiday destinations.

“The economic merits of paid parental leave can no longer be disputed. An equitable and affordable scheme not only can but should be funded in the May Budget,” concluded Mr Richardson.