

# **PRODUCTIVITY COMMISSION INQUIRY INTO PAID MATERNITY, PATERNITY AND PARENTAL LEAVE**

## ***SUBMISSION FROM THE UNION OF AUSTRALIAN WOMEN – Victorian Section***

### **1 OUR ORGANISATION:**

The UAW is a national organisation formed in 1950 to work for the status and well being of women in a peaceful and environmentally safe world. We seek to improve the lives of women through focusing on issues of equity and social justice. We also highlight the often hidden role of women in Australian society, particularly women's contribution to its economic, social, cultural and political life.

The Union of Australian Women has a long history of campaigning for equal pay, affordable quality child care and for universal paid maternity leave. We take a considerable interest in issues that impact on women's opportunities to combine child rearing with participation in the paid work force. We believe that a woman's ability to participate in the paid work force enables her to ensure her immediate and long term financial well-being as well as enabling her to participate fully in society.

### **2 CURRENT SITUATION WITH PAID MATERNITY LEAVE**

Surveys show that only 37% of Australian working women currently have access to some form of paid maternity leave while only 19% have access to 14 weeks or more paid leave.

Women on low pay, in smaller workplaces and/or in private employment have much less access than other women. Just over one third of those working in the private sector have paid maternity leave compared to 73.5% of those in the public sector. The gap is also very wide for part-timers with only 28% of part time workers having any entitlement compared to 58% of full timers. (ABS August, 2006)

A compulsory national system of paid maternity leave would reduce these obvious inequalities between Australian women and would be particularly helpful to those women employed in lower paid jobs.

Australia compares very poorly with other OECD countries with only two - Australia and the United States - with no national system of paid maternity leave available to all working women.

There are considerable differences amongst other countries: Sweden appears to be the best with 15 months leave at 75% pay for 12 months, then flat rate (either parent) paid by Social Security. France is also good: 16-26 weeks at 100% salary and paid by Social Security. Italy is 5 months leave at 80% salary paid by Social Security. Russia is 140 days, 100% salary and paid by Social Security. The UK is 14-18 weeks (flat rate after the first 6 weeks) and paid by Social Security.

### **3 OUR PROPOSAL:**

*The Union of Australian Women Victoria supports a national government funded paid maternity leave scheme paid at the minimum wage for 18 weeks and that it be understood that this is subject to revision in order to continue to meet ILO recommendations for best practice. This payment should include the compulsory superannuation contribution- currently 9%.*

*Employers to be required to top up this payment to fully replace the income of women earning more than the minimum wage.*

*Our scheme also includes the right of return to employment.*

The 18 weeks is based on the ILO Convention's provision that "members should endeavor to extend the period of maternity leave ...to at least 18 weeks" with 14 weeks as *the minimum* that should be available.

We believe that as Australia has been so slow in introducing a national paid maternity leave scheme we should be modeling our scheme on world's best practice. Thus we have recommended that our national scheme be introduced at 18 weeks- the ILO's recommendation for best practice- and that this period should be subject to revision in order to continue to meet ILO recommendation for best practice. We support the emphasis in the ILO Convention on the desirability of maternity leave being long enough to establish lactation which usually takes about four months.

We also believe that both Australian society and employers will benefit from the introduction of paid maternity leave and that it is therefore appropriate that they share the cost.

Income replacement is important for women's economic and emotional wellbeing while on paid maternity leave which is why our scheme includes a top up by employers who will benefit by the higher retention rates of their women workers. Motherhood should make no woman poor.

The scheme should cover all women workers including those in full time, part time and casual employment.

We also believe that there should be an option for the principle carer (if not the mother) to also access paid leave, including parents in same sex relationships. Adoptive parents should be able to access the maternity leave scheme.

While the UAW supports paternity leave, especially at the child's birth, the first priority is to introduce the national paid maternity leave scheme.

## **4 THE BENEFITS OF PAID MATERNITY LEAVE:**

### **WOMEN WORKERS:**

- eliminates the inequalities between the current system where some women workers have paid maternity leave and some have none
- eliminates the financial stress on women and their families during this time off from work
- increases women's self esteem as valued workers and
- makes it more likely that women will return to work which ensures their future financial security.
- significant step in addressing women's workplace disadvantage and
- paid maternity leave would help to reduce the number of underemployed women workers.

### **MOTHER AND CHILD:**

- paid maternity leave enables women to take time off from work to care for their baby
- reduces overall infant mortality
- enables longer breast feeding (this is shown to drastically reduce health care costs)
- improved child health (including increased immunization rates)
- reduces maternal depression rates (due to financial anxiety with unpaid leave)
- improved child development

### **EMPLOYER:**

- increases the number of women workers returning to work after paid maternity leave
- reduces recruitment and training costs
- improves staff morale and productivity
- provides a cost effective means of retaining skilled staff
- improves organizational efficiency through benefits of long service – organizational memory, knowledge, networks and contacts and
- the savings from the above improvements in female workers' productivity far outweighs for the employer the cost of the paid leave.

### **ECONOMY:**

- James Heckman's analysis (2006) demonstrates the economic dividends of early quality child care (including through measures like paid maternity leave) that result in long term savings for governments (and better wellbeing for children and parents).
- Labor market participation rates of women, work and family arrangements in various OECD countries show that Australian women's employment participation rates are much lower, especially at a time of rising concerns about shortages of skilled workers and an ageing society.

- Paid maternity leave has also been linked to increased fertility rates and this also helps to address future labor market shortages.

## **SOCIETY**

- Community expectations: a representative Newspoll of Australians commissioned by the National Foundation of Australian Women in June 2007 shows that 76% of Australians believe that all working women should have access to a national paid maternity leave scheme.
- The benefits to society of assisting women to combine their dual roles of mothers and workers are healthier, better adjusted children and greater participation by women in society.
- Indicates to women that Australian society values the dual role of women as mothers and workers.
- Paid maternity leave helps to advance equality between men and women by addressing the inequality experienced by women workers relative to men as a result of childbirth. and
- Helps to ensure that women workers are not disadvantaged in the workplace due to their role in child rearing

## **5 PAID MATERNITY LEAVE and the baby bonus**

Paid maternity leave should not be linked to the baby bonus as unlike the Baby Bonus it is not a welfare payment or one off reward for having a baby.

Paid maternity leave is an investment in the continuing contribution of women to national economy and productivity. It helps to facilitate women's long term participation in the workforce.

We do not support proposals that the baby bonus should become a basis for funding a paid maternity leave scheme. These proposals do not recognize the fact that some mothers are also paid workers and warrant separate recognition and payments through their work places. The paid maternity leave scheme is not a welfare payment but should be part of all women worker's entitlements like any other entitlement e.g. Long Service Leave, sick or annual leave

We also believe that these discussions create an unfortunate schism between mothers who choose to stay home and mothers who choose to also participate in the paid work force. The Baby Bonus is a welfare payment-now means tested- that values mothers whilst paid maternity leave must be part of every working woman's work entitlements.

Paid maternity leave is about having a right to paid leave for working mothers recovering from childbirth to help establish breastfeeding and to allow time for all important bonding to occur.

## 6 CONCLUSION:

The Union of Australian Women believes that for the many reasons outlined in this submission the Australian Government has a responsibility to make the introduction of a national paid maternity leave for all Australian women workers a priority.

We believe that all Australian women have a right to paid maternity leave and that the current system is inequitable and out of line with international employment standards.

The overwhelming benefits to all sections of society from paid maternity leave was illustrated earlier this year when Elizabeth Broderick, Sharan Burrow and Heather Ridout jointly argued in a newspaper opinion piece in favor of a government funded paid maternity leave scheme of 14 weeks at the minimum wage. This must be the first time that the Federal Sex Discrimination Commissioner, the ACTU and the Australian Industry Group have all combined in support of a change in employment conditions for women workers. They state that there are strong pluses for women workers, employers and society in such a scheme, and they also see a key advantage of paid maternity leave as better care for children.

**We strongly recommend the following proposal:**

*As a matter of national importance, the Union of Australian Women Vic supports a national government funded paid maternity leave scheme paid at the minimum wage for 18 weeks and that it be understood that this is subject to revision in order to continue to meet ILO recommendations for best practice. This payment to include the compulsory superannuation contribution- currently 9%.*

*Employers to be required to top up this payment to fully replace the income of women earning more than the minimum wage.*

*Our scheme also includes the right of return to employment.*

Almost a century after the ILO declared paid maternity leave a basic working right it is time for Australia to introduce a national scheme of paid maternity leave for all Australian women workers.

Carmen Green  
Secretary  
Union of Australian women- Victorian Section  
Melbourne 3000

29/5/08