



## **SUBMISSION**

### **PRODUCTIVITY COMMISSION**

#### **Inquiry into Paid Maternity, Paternity and Parental Leave**

## **Introduction**

The Registered Clubs Association of New South Wales t/as ClubsNSW, would like to thank the Productivity Commission for the opportunity to make submissions with respect to the inquiry into paid, maternity, paternity and parental leave.

This submission does not attempt to address all the questions raised in the Issues Paper, but rather address the main issues of concern to members of ClubsNSW.

The major concern for ClubsNSW and its members is that any form of national paid parental leave scheme should not impose any further financial or administrative burden on employers.

If a national paid parental leave scheme is funded by the Federal Government then ClubsNSW would support a scheme which promotes the objectives of:

- Improved health and development outcomes for the mother and child immediately post birth;
- Assisting parents to achieve better work-life family balance; and
- Increased workforce participation and attachment.

ClubsNSW believes a national paid parental leave scheme will not be a 'magic wand' in addressing these issues. ClubsNSW notes research that highlights access to affordable child care is fundamental to a parent's decision to return to work after child bearing<sup>1</sup>. Accordingly, we question whether a paid parental leave scheme would achieve the above objectives and in particular, the last 2 points more than access to affordable quality child care. We do note child care is not subject of this inquiry but would seek that the Productivity Commission request the Government to consider the issue of child care.

ClubsNSW does not make any definite assessment as to the quantum that should be paid to a parent eligible for paid parental leave. ClubsNSW would warn against creating a 'hand-out' culture. With this in mind we would be open to a scheme that is based upon the parent who is the primary child carer receiving a payment of the Federal Minimum Wage (**FMW**) for a period of no more than 3 months.

ClubsNSW believes that any paid parental leave scheme should not place any obligations or restrictions on employers' ability to alter current employer funded paid parental leave schemes.

ClubsNSW believes that the current laws relating to employee eligibility for unpaid parental leave should be maintained in regard an employee's eligibility for a paid parental leave scheme.

---

<sup>1</sup> Australian Bureau of Statistics, *Barriers and Incentives to Labour Force Participation*, 6239.0, July 2006 - June 2007

## **Background to the club industry in New South Wales**

ClubsNSW represents over 90% of the approximately 1,500 registered clubs in New South Wales, which include RSL and ex-services, lawn bowling, golf, sporting, recreation, football, ethnic and religious clubs, as well as community and workers, business, social and country clubs. ClubsNSW is also the registered union of employers in the state of New South Wales for the club industry.

Clubs are a major social outlet for the people of New South Wales with more than half the adult population in New South Wales holding membership to at least one registered club, and over 80% having visited a registered club in the past 12 months.<sup>2</sup> Clubs are particularly important sources of social infrastructure for resource-starved rural and regional areas with 43% of the State's clubs being located outside metropolitan areas. Generally, where a town has a population of more than 400 there is a registered club.

Clubs are major providers of community support. Clubs of all sizes provide over \$100 million annually in direct cash and in-kind support to charities and community organisations. Beneficiaries have included junior sports, local schools and playgroups, returned soldiers' and war widows support groups, local hospitals, surf lifesaving clubs, seniors' groups and family support services. Registered clubs also provide free or subsidised meeting places for Lions, Rotary, schools and other community and charity groups.

The club industry is a strong supporter of sport and healthy activities through the provision of sporting facilities including over 1,600 bowling greens, over 300 golf courses, over 300 sporting fields, 102 gymnasiums and 57 swimming pools.<sup>3</sup>

The club industry is a top tax contributor to the New South Wales Treasury, after payroll tax, stamp duty and land tax. New South Wales clubs paid a total of \$1.26 billion in taxation in 2007, an increase of nearly 30% from 2003<sup>4</sup>.

The industry employs 43,300 people, down 16% since 2003, at a cost of around \$1.3 billion annually. Clubs also rely heavily on voluntary labour, with volunteers contributing over 6.3 million hours every year.

Despite this significant socio-economic role in New South Wales, the financial position of many clubs, especially small and non-metropolitan clubs, remains perilous. Based on research undertaken in 2003, less than half of all clubs (43%) are reasonably profitable – that is, with a profit to revenue ratio of more than 5% : 28% of all clubs are making a loss. Around 47% of New South Wales' 500 smallest clubs are making a loss, and a further 25% are only marginally profitable.

There are many factors undermining the financial performance of clubs including increased competition, demographic shifts and an ageing population, changing patterns of leisure, taxation increases, smoking bans, the insurance crisis and general cost increases.

---

<sup>2</sup> Q2 Strategic Market Research, 2004, "Perceptions of ClubsNSW in 2004", unpublished survey by Q2 Strategic Market Research Pty Ltd, p.64.

<sup>3</sup> The Allen Consulting Group 2004, "Socio-Economic Impact Study of Clubs in NSW", Report to ClubsNSW July 2004, p.50.

<sup>4</sup> The Allen Consulting Group 2007, "Socio-Economic Impact Study of Clubs in NSW", Report to ClubsNSW July 2007.

## **Who should fund a paid parental leave scheme**

ClubsNSW does not support the introduction of any paid parental leave scheme which places, either directly or indirectly, any further financial or administrative burden on employers.

Australia's workplace laws provide generous parental leave provisions with the right to return to work in the international context.<sup>5</sup> ClubsNSW does not object to these statutory entitlements but does note that for small Clubs in particular accommodating such rights is not an easy issue.

ClubsNSW notes the Government's Exposure Draft National Employment Standards (**NES**) which promotes further flexibilities for parents. In particular, one parent can request to take an additional 12 months unpaid parental leave which can only be refused by employers on reasonable business grounds. Further, parents will have the right to request flexible work arrangements until a child reaches school age, which can only be refused again by employers on reasonable business grounds.

ClubsNSW again notes such requirements, whilst unpaid, do not come without significant cost to the employer. These include advertising and recruiting a replacement employee, training and engaging new employees and then subsuming the reduction in productivity until the employee gets up to speed which often occurs just before the return of the employee on parental leave.

To require employers to pay wholly or in part for a paid parental leave scheme could only have negative consequences which could include, among other things, the following

1. affect the financial viability of employers;
2. be unsustainable;
3. discourage the employment of women.

From an administrative perspective we would not support any paid parental leave scheme which requires the employer to pay the money to the employee and seek re-imbursement from the Federal Government. In other words, any payments must be made directly by the Federal Government to the eligible employee.

Accordingly any national paid parental leave scheme should be funded by the Federal Government and not impose any additional financial or administrative obligations on employers.

---

<sup>5</sup> International Labour Organization, 1998, Maternity Leave Around the World, accessed 20 May 2008: <http://www.womenz.org.nz/14%20weeks%20PPL/world.pdf>

## **Who should be eligible for paid parental leave?**

ClubsNSW submits that the current eligibility provisions for unpaid parental leave under Part 7, Division 6 of the *Workplace Relations Act 1996* (Cth) should apply to any national paid parental leave scheme that may be implemented in the future.

A positive implication of maintaining consistency in eligibility provisions between the current unpaid parental leave scheme and any proposed paid parental leave scheme is that there will be minimal legislative changes that both employers and employees will have to grapple, and come to terms with. This should ensure that employers and employees understand, are able to meet their obligations and can take advantage of any new provisions.

Furthermore, the eligibility provisions for a national paid parental leave scheme should encourage workforce attachment and participation. This can be achieved by a minimum qualifying period and linking either the entire or part of the quantum weekly payments to a condition that the parent returns to the workforce within a required timeframe.

## **Duration and generosity of benefits of paid parental leave**

Paid parental leave generally comprises two aspects. The first touched on above is time of work and the second is what is paid to the employee.

ClubsNSW does not make any definite assessment as to the quantum that should be paid to a parent eligible for paid parental leave but makes the following observations.

ClubsNSW is concerned that high payments over a long period could create a 'hand-out' culture. With this in mind we would be open to a scheme that is based upon the parent who is the primary child carer receiving a payment based on the FMW for a period of no more than 3 months.

ClubsNSW submits that any benefit should be determined by reference to the FMW. This would help avoid discrimination on the basis of:

- a. income from employment;
- b. male and female incomes from employment;
- c. socio-economic status;

In essence, the duration of a national paid parental leave scheme should be conservatively determined and not extreme. This would ensure the scheme is both sustainable and viable for the longer-term. The scheme should also be amenable based on improvements in the economic and financial outlook of the nation.

## **Return to work**

ClubsNSW supports the implementation of a national paid parental leave scheme that encourages parents, and particularly mothers, to return to the workforce. Clubs like many other employers are suffering from Australia's skills shortages. Mothers with carers responsibilities are one area where workforce participation can be increased. Providing the right incentives for women to remain in the workforce before and after child bearing is important to ClubsNSW, particularly in the context of the current tight labour market.

One of the important aims and benefits of linking a paid parental leave scheme to returning to work is to ease the pressure and cost on employers resulting from the labour supply and skills shortage. Many employers are experiencing difficulty recruiting, selecting and retaining staff as a direct result of the shortage of labour supply and skilled employees.

ClubsNSW believes that there are a number of factors which encourage mothers to engage or re-engage in the workforce and a paid parental leave scheme will not address them all. In consulting with our members the most important factor in addressing this issue is the affordability of quality child care. Accordingly, any thorough examination of assisting parents achieve better work-life balance and increased workforce participation must also consider the significance of accessible and affordable child care.

## **Effect on existing employer-funded paid maternity leave schemes**

ClubsNSW strongly advocates that a paid parental leave scheme should not impose any obligations or restrictions on employers' capacity to alter any paid parental leave scheme that they might have in place.

Employer funded paid parental leave schemes should only be a matter of negotiation and agreement at the workplace. Such schemes are used by employers to attract and retain quality staff within the parameters of that business or they are adjusted accordingly.

Any paid parental leave scheme should not restrict employers' capacity to alter their existing schemes or to introduce a new scheme. ClubsNSW envisages that many clubs might vary current schemes as a result of a national scheme, and that is appropriate.