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1. Introduction

The Equal Opportunity for Women in the Workplace Agency welcomes the opportunity to respond to the Productivity Commission's Inquiry into Paid Maternity, Paternity and Parental Leave.

Our chief objectives in making this submission are:

- To support the review and provide relevant data and background information to assist the Productivity Commission in its deliberations
- To provide information in response to the matters raised in the Issues Paper
- To express the Agency's support of a Government funded paid parental leave scheme
- To recommend that once the initial period of maternity leave has been provided for women to recover from childbirth, that all other kinds of leave be referred to as Parental Leave to reflect that leave provided should be accessible to either parent as primary carer.

In making this submission, The Equal Opportunity for Women in the Workplace Agency focuses particularly on the first and second of the Review's terms of reference:

- The benefits of providing paid maternity, paternity and parental leave
- The extent of current employer provisions of paid maternity, paternity and parental leave in Australia

2. Equal Opportunity for Women in the Workplace Overview

EOWA is a statutory authority of the Australian Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA).

EOWA's role is to administer the *Equal Opportunity for Women in the Workplace Act 1999* (Commonwealth) and through education, assist organisations to achieve equal opportunity for women.

Every non-government organisation with over 100 employees is required to report to EOWA about their work practices and what they are doing to ensure equity in their workplace, under the Equal Opportunity Act of 1999. Employers submit a report that addresses 7 employment matters:-

1. Recruitment and selection,
2. Promotion, transfer and termination,
3. Training and development,
4. Work organisation,
5. Conditions of service,
6. Arrangements for dealing with sex-based harassment, and

7. Arrangements for dealing with pregnancy, potential pregnancy and breastfeeding;

Organisations report on the provision of paid maternity leave in Employment Matters 5 and 7.

EOWA Reporting organisations cover 23% of Australian employees and in 2007 approximately 1million or 47% of these employees were women. Of full-time employees, 34.4% were female, of part-time employees, 77.0% were female and of casuals, 57.2% were female.

EOWA works with employers to improve equal opportunity outcomes for women in the workplace by:

- Delivering practical solutions;
- Building strategic partnerships; and
- Leading public debate to increase the rate of change.

The Equal Opportunity for Women in the Workplace Agency, through its Employer of Choice for Women Citation has been leading organisations to provide best practice for their female employees.

In 2008, to become an EOWA Employer of Choice for Women, organisations, amongst other criteria, had to provide a minimum of six weeks paid maternity leave after one year's service. The average duration amongst Employers of Choice for Women in 2008 was more than 12 weeks.

The reporting process, the Employer of Choice for Women citation and our liaison with Australian businesses, allows us to gather a large amount of data and experience which forms the basis of our submission.

3. Objectives of a Paid Parental Leave Scheme

The Equal Opportunity for Women in the Workplace Agency is focused on increasing women's workforce participation free of barriers of discrimination. It is documented that women's role as primary carer can impact on the ability to participate fully, however EOWA research shows that many working mothers seek to work more hours.

Of the organisations reporting to EOWA, those that currently provide paid maternity leave, report a greater return to work rate than those organisations not providing paid leave as a condition of service.

This outcome supports the objective of a paid parental leave scheme which is to maintain a mother's longer-term attachment to the workforce as it supports ongoing workforce participation, minimising absence from the workplace.

In assessing different schemes, significant weight should be placed on workplace attachment as an objective, because improved attachment will improve gender equity by increasing women's total workforce participation. In addition, improved attachment will have a positive impact on national productivity and on increasing the tax base.

The benefits of a universal paid parental scheme for employers will improve retention and long-term attachment, whilst also reducing the large cost of recruitment, replacement and training of new employees. This saving far outweighs the cost of paid leave.

4. The role of Mothers

Mothers not only play a crucial role in raising and caring for children, but increasingly they are a significant part of the Australian labour force. Paid parental leave is one of the important ways that working mothers can be supported after the birth of a child.

Results from the recent EOWA research *Generation F, Attract Engage, Retain*, indicated that the provision of paid maternity leave was a significant factor in a woman's decision to work for an employer.

4.1 Provision of paid maternity leave in the private sector

Since 2001 EOWA has collected information about the provision of paid maternity leave. The data is collected by telephone survey between the months of May and September each year. The sample size is statistically significant with on average 2,500 employers surveyed annually.

Figure 1: Provision of paid maternity leave



Figure 1 shows the increase in the provision of paid maternity leave by private sector organisations with more than 100 employees. There has been a steady rise in the percentage of organisations reporting to EOWA providing paid maternity leave since the Agency started measuring this in 2001. This is with the exception of a small decrease in 2006.

Despite this significant growth in the provision as a condition of service for many working women, there are still 51.1% of organisations reporting to EOWA which do not provide paid maternity leave. It is important to remember at this point that the organisations reporting to EOWA only constitute 23% of

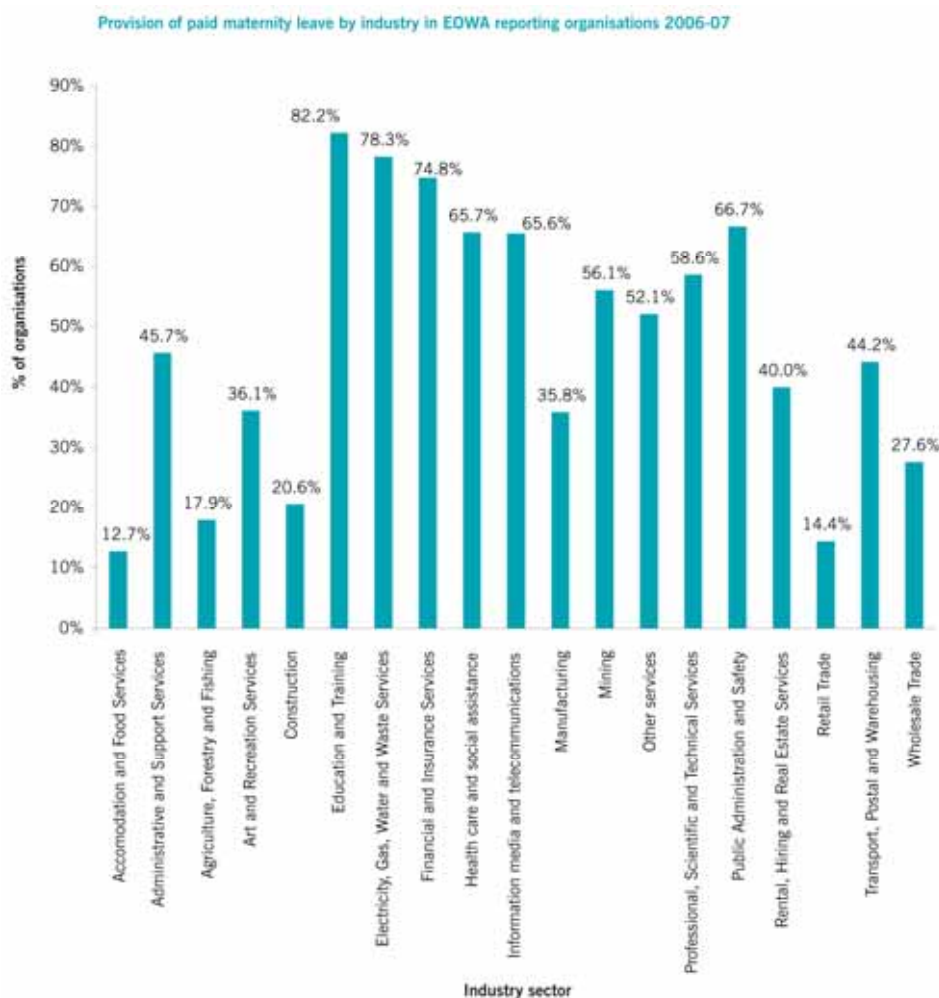
Australian businesses. As such, the organisations that provide paid maternity leave are only 48.9% of 23% of Australian businesses.

Figure 2¹ shows the accessibility of paid maternity leave by sectors reporting to EOWA. Amongst the 51.1% of organisations currently not providing paid maternity leave, many are in sectors that are high employers of women, particularly the Retail, Accommodation and Food Services sectors. These sectors employ nearly a third of the women covered by the EOWW Act (32.3%).

In these highly casualised industries it is most often the case that in organisations that do provide paid maternity leave, many working women would not be able to access the entitlement. For example, the recent introduction of a paid maternity leave scheme by a major Australian retailer and large employer of women is not accessible by part-time workers, regardless of their length of service with the company.

The concentration of women in sectors not providing paid maternity leave supports the case for a universal scheme.

Figure 2: Provision of paid maternity leave by industry



¹ Figure 2 is skewed by the industries that have very small numbers of organisations in their sector e.g. Electric Gas and Water, Public Admin and Safety, Rental, Agriculture, Forestry and Fishing.

4.2 Eligibility of paid maternity leave in the private sector

Eligibility requirements for paid maternity leave vary by organisation and often by employee status.

Not all women employed within an organisation that provides paid maternity leave may have access to the benefit. Casual, part-time and new employees may not be eligible under current policies.

The 2004 EOWA Paid Maternity Leave survey indicated that of the organisations providing paid maternity leave, 63% don't make the benefit available to all staff. Of this 63%, 84% confirmed it is not available to casual employees or contractors.

Other disadvantaged groups identified by respondents to the 2004 survey, when asked "which group of employees do not have access to paid maternity leave" were:

- All non-managerial employees – 1%
- Those under a particular award or category – 12%

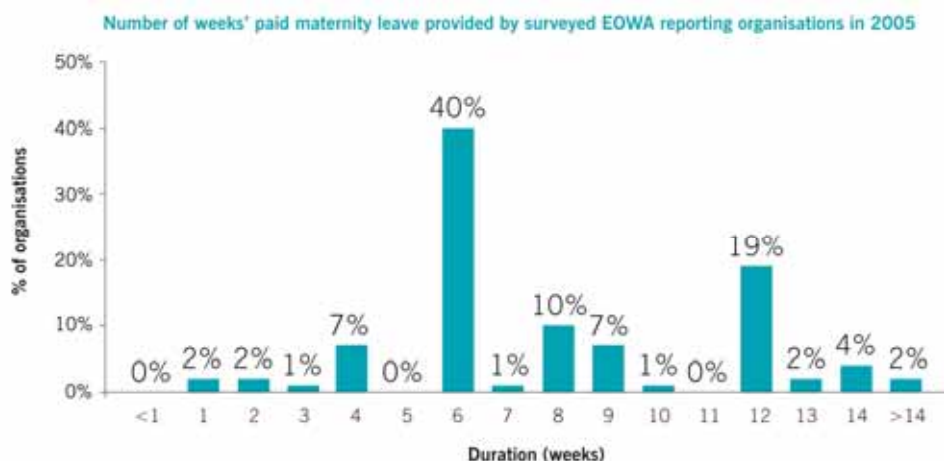
Given women are located in large numbers in non-managerial positions and are casual or part-time, a universal scheme should not discriminate.

For some employers, like the ANZ bank, there is no minimum requirement of service to access current provisions for paid maternity leave. The known maximum period of service in some other organisations is three years.

Data collected in 2007 revealed that for small and medium enterprises the percentage of organisations providing paid maternity leave is only 19%. ²

4.3 Duration of benefits in the private sector

Figure 3: Duration of paid maternity leave in 2005



² *Better Conditions, Better Business* – A Report on carer and family friendly provisions in Australian small and medium enterprises. Published by The Office for Women, 2007.

Figure 4: Duration of paid maternity leave in 2006 -07

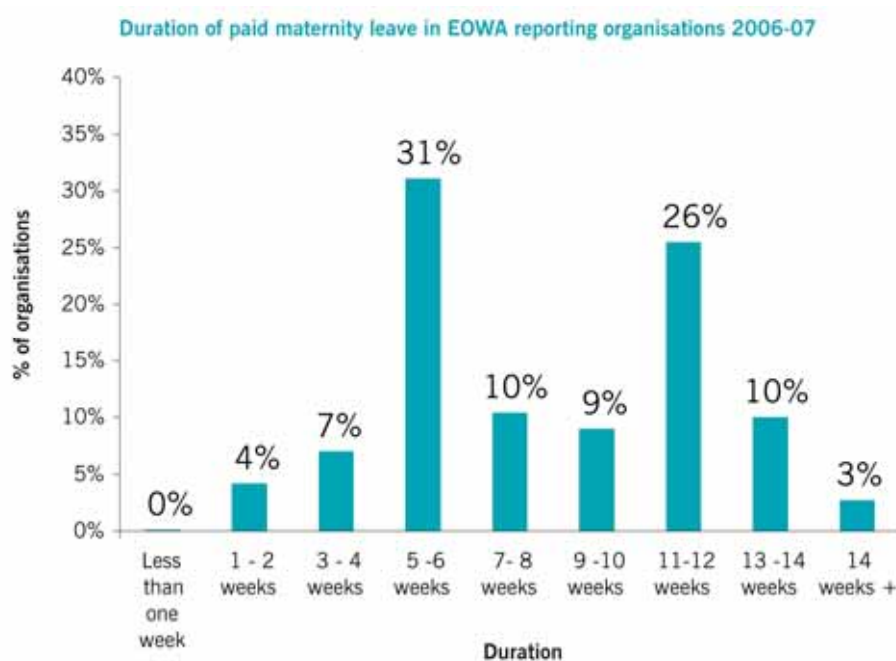


Figure 3 shows the duration of paid maternity leave provided by employers in 2005. Over 85% of employers provided paid leave of six weeks or more.

In 2007, shown in Figure 4, nearly 90% of employers now provide six weeks or more paid maternity leave.

It is interesting to note that organisations providing paid maternity leave have increased the duration of this leave over the two year period. Today nearly 40% of organisations surveyed provide 12 weeks or more leave, compared to 27% just two years ago.

Significant growth has been in the increase in the percentage of organisations providing 14 weeks, in line with both the International Labour Organisation Convention and the World Health Organisation standard.

In all cases, the rate of benefit is at the individual's salary at time of leave.

5.0 The role of Fathers

The role of fathers is important in the shared caring of children with specific regard to gender equity and women's greater workforce participation.

Results from the recent EOWA research *Generation F: Attract, Engage, Retain*, indicate nearly a third of working women state that if their partners were to carry out a greater share of domestic duties, they would be more likely to work more hours in paid employment.

5.1 Provision of paid paternity leave in the private sector

Figure 5 Provision of paid paternity leave

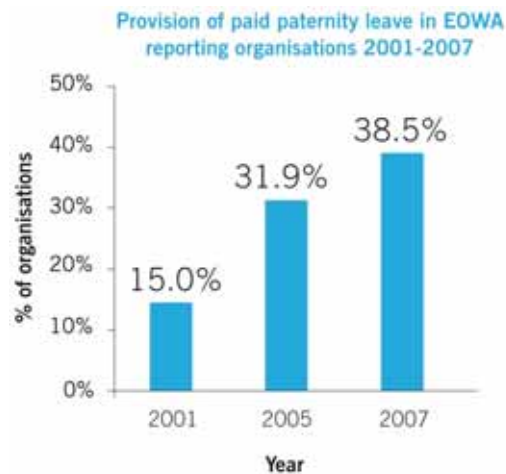
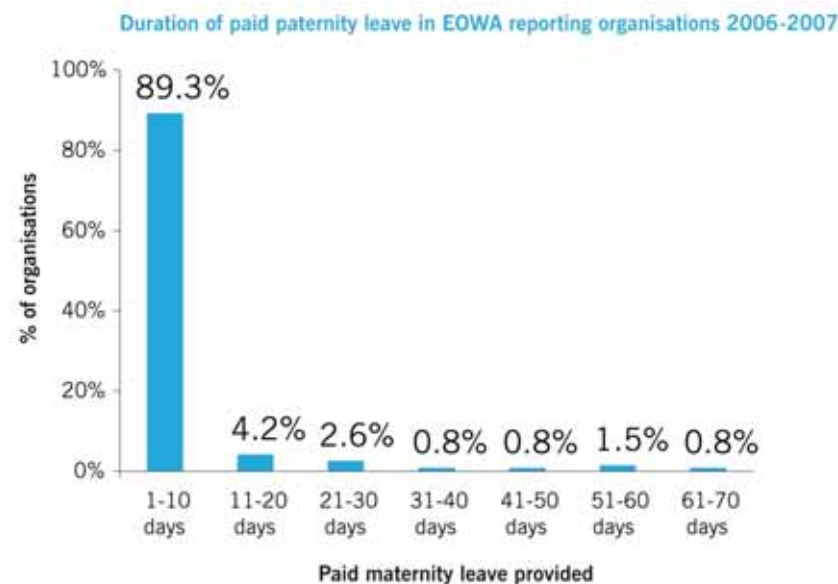


Figure 6: Duration of paid paternity leave in 2006-07



The provision of paid paternity leave in EOWA reporting organisations has more than doubled in the period 2001 – 2007. However, the duration of on average one week (Figure 6) is unlikely to impact the sharing of home-based care and women's greater workforce participation.

With the rate of increase in the provision of paid paternity leave being less than that for paid maternity leave and with 61.5% of organisations not providing any paid leave to fathers in their employment, the overwhelming employer bias is that men belong at work and women caring for their children.

This bias is set to conflict with a growing need amongst men to be more present in the home than in the workplace. *Generation F* results show that men in the workforce are placing an increased value on achieving a balance between work and family responsibilities. Their priorities are shifting away from careers and more towards family.

As such, EOWA would encourage a model that allows for either parent to take paid time off after the initial period allocated to women to physically recover from childbirth.

6.0 Case Studies

ANZ paid parental leave provision is 12 weeks for the primary caregiver with no qualifying period and is available to both full-time and part-time staff. Parental leave can be taken for up to 24 months for newborn children or adopted children under five. *The parental leave return rate as at 1st April 2008 is 81%.

Note* The parental leave return rate has been formulated by looking at all parental leave commencements for a 2 year period and tracking each individual through to their return to ANZ or resignation.

Macquarie University's parental leave provisions include: 26 weeks paid parental leave and four weeks paid leave for the partner at time of birth. Men and same-sex partners are eligible for parental leave if primary carers (maximum 26 weeks). All staff are eligible for paid parental leave (including contracted and long-term casuals). The same provisions apply to adoptive parents.

Carer's / family responsibility leave includes 10 weeks on commencement with 3 weeks accrued each year. There is no requirement to return to work to qualify for paid parental leave. Part-time work is available on returning to work and parental leave may be shared, taken full-time, part-time or in broken periods and spread over two years as required. A return to one's substantive position is preserved for two years.³

Overnewton Anglican College in Melbourne provides primary care givers with 14 weeks paid parental leave and up to 156 weeks unpaid leave with possibility of up to an additional 52 weeks if the employee has another child during that time. Free childcare is provided for staff for meetings after school hours.⁴

As part of its commitment to diversity, **Deutsche Bank** has focused on initiatives that aim to improve both the return to work rate of employees on parental leave as well as the attraction and retention of

³ EOWA Business Achievement Award Winner finalist information 2005

⁴ EOWA Business Achievement Award finalist information 2007

employees, especially women. In response to the challenges of affordability and access to childcare, Deutsche Bank provides secure, subsidised childcare places at The Playroom, its onsite childcare facility, and has also introduced 14 weeks paid parental leave for the primary carer. After parental leave, a return to work payment is made of \$10,000 per child per annum (paid monthly) until the child turns three, designed to help employees with their childcare costs upon their return to work. For part-time employees the payment is pro rated based on the percentage of full-time hours worked. Salary packaging of childcare costs is also available at The Playroom, following a Private Ruling by the ATO obtained by Deutsche Bank.