



**Productivity Commission Inquiry into Paid Maternity, Paternity and Parental
Leave**

**Submission of
The Recruitment and Consulting Services Association**

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Recruitment & Consulting Services Association Ltd

RCSA Corporate Office

PO Box 18028 Collins St. East

Melbourne Victoria 8003

The Recruitment and Consulting Services Association

The Recruitment and Consulting Services Association Ltd ('RCSA') is the peak body of the employment services industry in Australia and New Zealand.

Formed in 1996 the RCSA boasts a national membership of 3,000, all of which are drawn from a diverse range of organisations and individuals including small owner-operator businesses, listed and non-listed Australian companies and Australia's large multinational corporations.

Members of the RCSA provide an extensive range of employment services including on-hired employee services ('labour hire employees'), contracting services ("including labour hire independent contractors'), recruitment services, *Job Network* services and consulting services.

The RCSA has its Corporate office in Melbourne and two Secretariats located in Victoria, and New South Wales, It has an administration function in all other states and territories and in New Zealand.

The RCSA is instrumental in setting standards in the employment services industry. Such standards are set and maintained in relation to individual and corporate member professional development, education, training, industry compliance, industry performance and the establishment and maintenance of sustainable and effective legislative and regulatory regimes relevant to the industry.

The RCSA Australia/New Zealand boasts a very effective member committee structure that review and contribute to the establishment of professional conduct and equitable outcomes for corporate members, individual members, employees of corporate members (direct and on-hired) and independent contractors.

Committees include the Australia/New Zealand Workplace Relations Committee, Australia/New Zealand Workers Compensation and Occupational Health and Safety Committee, Australia New Zealand Insurance Committee, Australia New Zealand Continuing Professional Education Committee and the Australia New Zealand Taxation Committee. This committee structure, which is supported by State based committees provides the RCSA with an unparalleled capacity to respond to discussions of this nature in a manner that is accurate, effective and insightful.

The RCSA is proud of its dedicated service to, and representation of, on-hired employee service providers in Australia and boasts the greatest understanding of this contemporary form of employment.

Introduction

The Recruitment and Consulting Services Association (RCSA) provides the following information in response to the request from the Productivity Commission in its April 2008 Issues Paper on the inquiry in to paid maternity, paternity and parental leave in Australia.

Makeup of the Workforce

Survey results showed a total recruitment workforce made up of 70% or more of women in the 25 to 35 year age group.

Survey

RCSA has conducted two surveys of its member to establish the arrangements in place around parental leave. One was a general survey about the provision of entitlements and the other was specifically concerning the current arrangements in place relating to paid maternity, paternity and parental leave in the sector and the impact the provision of such leave has had on those employers. The surveys also requested information from members who do not provide any paid leave as to why this is not done and the impact a legislative requirement to provide such leave would have.

The survey was responded to by 45 respondents (Survey Participants), encompassing a range in employer size including, small medium and large employers.

The right to return to her previous job on return from maternity leave

94% of the Survey Participants said that the current practice is that a female returning from paid or unpaid maternity leave has a right to her previous job. Many of the employers noted that the employee, however, does not wish to have her previous job back but would prefer to move into a part time role or, in a few examples, return to a less stressful position. In most situations such requests were accommodated.

Provision of paid maternity and paternity leave

72% of the Survey Participants did not provide paid maternity leave. 78% of Survey Participants did not provide paid paternity leave. The range of paid maternity leave provided was between 6 and 14 weeks. Up to 5 days paid paternity leave was provided.

Survey Participants indicated that paid maternity and paternity leave were provided to recognize the importance of families, as a sign that staff were valued and to appreciate that employees have a life outside of work. They also stated that it helped to encourage senior consultants to return to work, reduced the loss of intellectual property and ensured a continuing relationship with employees who had family commitments. Some of the Survey Participants thought the provision of paid leave improved productivity, cultivated loyalty and recognised employee worth.

Of the Survey Participants who offered paid maternity and paternity leave, 67% said that it had minimal financial impact on the business. It should be noted, that the majority of those providing paid leave were the larger employers in the sector.

80% of the Survey Participants thought that the provision of the paid leave had helped more female employees return to work.

All of the Survey Participants who provided paid leave had a required length of service prior to the payment becoming available. This was generally 52 weeks and some had an additional 52 weeks of required work prior to a second or subsequent period of leave being taken. 42% required some commitment to return to the workplace after the leave, although acknowledged that this would be difficult to enforce.

No paid maternity and paternity leave provided

48% of the Survey Participants not offering paid leave indicated that it was because it was not financially viable and 26% indicated that it was not considered to be the employer's responsibility. Only 3.5% thought that it was not a beneficial thing.

The majority of those who did not provide paid leave said it was something that is reviewed from time to time by the Company to see if it a viable option. A few indicated that it is something the company is working towards or is planning to implement in the near future.

58% thought that legislative requirements to provide paid leave would have a large financial impact. Some of the smaller employers said that given the large number of small employees, it would put them out of business. 32% thought it would have a medium financial impact. A portion said that they would require government assistance to provide paid leave given the large number of females in the childbearing age group. Some pointed to the fact that it is the government in other countries who provide the paid leave and not the employer. There was a common consensus that, if the employer was required to pay, there would need to be a different amount for a smaller employer and there would need to be a transitional period to allow for budgeting. A fair definition of a small employer would be required.

Summary

Employers within the sector who were able to provide paid leave entitlements were of the view that the provision was beneficial to the employer in assisting woman to return to the workforce, However, some commented that what was more beneficial that paid leave was flexible working arrangements upon return to the workforce. This group felt that providing paid enticements and flexible arrangements upon return assisted with recruitment and retention of staff at all levels of the organisation.

Given the number of woman in childbearing years in the recruitment industry, the range of employer sizes (including small employers) and the lack of current paid maternity leave, a legislative requirement to pay paid leave would be of great impact to the majority of the sector. Whilst RCSA and its Members can appreciate the benefit of providing such leave, it is suggested that the financial burden of this cannot be solely borne by the employer. There would need to be some interaction with current government paid programs in order to subsidise the burden for employers, particularly smaller employers.

In the event that compulsory paid leave was introduced, there would need to be a time frame for compliance of at least two years to allow smaller employers to budget accordingly and adjust spending to allow for the increased burden. There would also need to be some tight requirements surrounding the taking of the leave and eligibility for the leave such as a required period of service (104 week would not be

unreasonable), a commitment to return to work after the leave and a period of time back at work before a second or subsequent period of leave can be taken (52 weeks would not be unreasonable). These mirror some of the requirements that those currently providing for the paid leave have put in place.

The RCSA is fully in support of and acknowledges the benefit paid maternity and paternity leave can have on assisting employees to meet family and work commitments and return to the workforce in a valuable and committed manner. The RCSA, however, submits that a requirement to provide the leave could have a substantial financial impact for many of its members and would therefore support a scheme, as seen in many overseas countries, where there is government support and assistance provided.

RCSA is willing to provide any additional information required to assist the Commission in its review. In the event that further information is required we are more than happy to be contacted.