

Introduction

VACC is an employer organisation representing the interests of some 5200 retail motor industry members across Victoria and Tasmania. The retail motor industry consists of new and used vehicle dealerships, service stations, body repairers and towing services, farm machinery sales and repair, tyre establishments, specialist repairers (eg windscreens, electrical, radiator) and manufacturers (eg component and parts) and motor cycle establishments.

In the main, members of the VACC are small businesses. Data from a national survey of members of the Motor Trades Organisations in December 2004 shows that 54.2% of Retail Motor Industry businesses have less than five employees. A further 26.4% employ between five and nine staff, with the remaining 19.6% employing ten or more¹. The level of participation of women is 1 to every 5 males.

The participation rate of females appears lower, because many of the small businesses consist of a partnership between a husband and wife. The husband is often found working in a technical or managerial capacity, whilst the wife is often behind the scenes providing financial and administrative support. Other women working in the industry are predominantly found in retail sales or managerial duties. VACC and its membership have been, and continue to encourage a growth of female participation through various training initiatives and through the growth of interest in our Women in Automotive (WinA) Network.

The industry suffers from severe skill shortages, tight profit margins and prolific technological change. Consequently, issues such as paid parental leave necessitate our consideration and comment in response to the *Paid Parental Leave- Issues Paper 2008*.

Issues affecting paid parental leave

In discussing paid parental leave VACC believes there are a number of issues that need to be looked at when discussing paid parental leave. Looking into Australia's fertility rate is important, as this is one of the main reasons paid parental leave schemes are being considered.

Australia's fertility rate was at a ten year high in 2005 with a birth rate of 1.81 babies per woman². Although this was the case it is stated that a fertility rate of at least 2.1 is required to ensure a sustainable repopulation level. Many factors are claimed to have an effect on birth rates in Australia, one of those being the increased number of women in the workforce. The rate of women in the workforce of childbearing age has increased from 59% in 1980 to 71% in 2005³.

As Australia's workforce is ageing and fewer babies are being born, a workforce shortage of skilled labour is upon us and is expected to increase. There will consequently be a stronger reliance on women of the childbearing age group to enter into and return to the workforce. The research shows the average age of men in the industry is forty, with women being in their child-bearing years (between 15 to 34

¹ 1. AC Nielsen National Wage Case Survey 2003/2004

² 2. *Media release: Australian fertility rate highest in 10 years*, October, 2006, no. 3301.0

³ 3. ABS 2007, *Maternity Leave Arrangements*, Australia, August 4102.0

years of age). The assumption is that these women compete with men in terms of career progression, hence delay their decision to have children⁴.

Financial issues of paid parental leave

The Paid Parental Leave Issues Paper discusses the option of an employer contribution scheme. As the Paper states, many overseas parental leave schemes require the employer to contribute to the funding of paid parental leave. Each employer is said to pay money into a national fund either in proportion to their staff numbers or in relation to the size of their payroll⁵.

VACC oppose the proposition of an employer funded or part funded paid parental leave scheme. Parental leave should be viewed as a societal issue not solely a business issue. VACC has already provided data which clearly shows that the majority of its members run small businesses. As small businesses, they run on a very tight profit margin and limited cash flow. Any form of compulsory funding would further reduce both cash flow and profit margin. Automotive services operate in a competitive field, where retail and service sectors must already ensure lowest possible prices to remain in business.

If the scheme is going to benefit the economy VACC believes it should be funded purely by the Government, ensuring there is no additional cost to employers. If employers agree to contribute to paid parental leave, this should be an option that must be agreed upon by both employer and the employee.

In analysing paid parental leave, it needs to be noted that Australia provides workers with a significant amount of leave from work already, from unpaid maternity leave for up to 52 weeks from the birth of the child, to annual leave, long service leave and carer's leave. Employers are also already obligated to explore the possibility of achieving part-time work for employees returning from maternity leave.

Family health and wellbeing

Early childhood years are clearly vital to the future health and development capabilities of infants. As the paid parental leave issue paper claims, literature on the effects of paid parental leave on infant and parental welfare is complex and inconsistent. The paper claims that recent studies showed, across 18 OECD countries, of those who had access to longer periods of paid maternity leave, it was found there were significantly lower rates of infant mortality⁵.

VACC rebuts the claim that paid maternity leave is the cause of decreased infant mortality rates. Although it is true that breast feeding from birth helps infants fight off infections and diseases and helps the mother to recover more quickly from childbirth, infant mortality rates in Australia have halved within the last twenty years and this is due to a number of reasons not associated with paid maternity leave.

Sudden Infant Death Syndrome (SIDS) rates have declined from 523 deaths in 1985 to 87 deaths in 2005. The decline is strongly associated with public health campaigns raising awareness of risk factors contributing to infant death.

⁴ 4.APESMA, *Women in the Professions Survey Report 2002*

⁵ 5.*Paid Parental Leave-Issues Paper, April 2008*

The highest number of infant deaths is a consequence of complications during pregnancy or during birth, followed by respiratory and cardiovascular disorders at the peri natal stage and congenital malformations of the nervous, circulatory or respiratory systems⁶. As a result of these statistics and due to the fact that Australia is yet to establish an official parental leave scheme, it is clear that paid maternity leave is not a prominent contributing factor for the decrease in infant mortality rates.

VACC considers that more background research needs to be conducted on the statistics given in the paper, as the analysis produced does not provide a strong case for paid parental leave.

The fact that breastfeeding does contribute to infants fighting off infections and disease means that it is important to encourage it, as the Australian Government and the World Health Organisation have recognised. This Organisation recommends that mother's breast feed for up to six months. Consequently, in Australia, women who meet the eligibility criteria, of working with an employer for at least 12 months, are entitled to 52 weeks unpaid leave. If they cannot cope with the expenses of unpaid leave for that length of time they could take up other forms of paid leave they had accrued, for example, annual leave.

The issue paper claims that returning to work is a deciding factor for mothers stopping or not commencing breast feeding which in turn can possibly affect the child. As stated previously, employers are obligated to attempt to provide flexible or part-time employment. In some circumstances employers may be able to provide a family friendly workplace which may help to overcome some of the issues mothers face.

In conjunction with the ideal that women should breastfeed for up to six months, putting a child in day care is excessively expensive. From the age of around 6 weeks, a baby is able to be placed in care. The cost of day care ranges from \$50-\$100 a day, equating up to approximately \$2,000 per month. This cost can take up nearly 100% of a parent's monthly earnings, leaving unpaid maternity leave an extremely viable option.

Final Comments on Paid Parental Leave

In summary, VACC suggests that further research needs to be conducted before a paid parental leave scheme is proposed. One of the main points of research which needs to be undertaken should be focused on the benefits that Australia already provides to its employees. Statistics show that from the 70% of women engaged in paid work, 40% are eligible to take unpaid maternity leave. Furthermore, as mentioned as above, employees are entitled to take up to four weeks annual leave and any additional accrued annual leave, and potentially accrued sick leave and carers leave. One of the reasons for the proposal of paid parental leave was to provide parents, particularly women, an incentive to return to the workforce.

Statistics show that overall, only 14% of employed mothers chose to leave the labour market upon the birth of their child, with 8% of those included having met the

⁶ *Australia's Babies*, August 4102.0

eligibility criteria for unpaid leave⁷. These statistics show that a number of women will leave the workforce to care for their children regardless of whether they are offered paid or unpaid maternity leave.

If paid parental leave is to be a feasible cost effective objective, further research should focus on pre-existing benefits provided for parents, such as the baby-bonus and childcare tax benefits. VACC believes it would be more beneficial and cost effective to parents, employers and the Government, if the Childcare Tax Rebate was revised. As stated above, childcare can cost up to \$2,000 a month, where the Childcare Tax Rebate only offers up to \$4,000 a year per child⁸. These figures clearly show the large amount of money parents will be out of pocket due to the funding of child care services. In view of these factors, VACC considers the focus and the funds for the introduction of a paid parental leave scheme should be aimed at increasing and improving pre-existing benefits.

It is important for the Australian economy and for society that the Government works towards achieving an effective method of providing for working families. VACC believes this can be done through other, more effective means of funding that does not hinder the productivity or possibilities of small business owners.

⁷ 7. The Parental Leave in Australia Survey, 2006-
<http://www.polsis.uq.edu.au/index.html?page=55767>

⁸ 8. http://www.familyassist.gov.au/Internet/FAO/FAO1.nsf/content/faq-child_care_rebate.htm