



**State Public Services Federation
Group**

CPSU-SPSF Submission

to

The Productivity Commission

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

2 June 2008

Submission to the Inquiry into Paid Maternity, Paternity and Parental Leave.

The **Community and Public Sector Union – State Public Services Federation (CPSU-SPSF)** represents workers in State Public Services. We make this Submission to the Productivity Commission Paid Maternity, Paternity and Parental Leave Inquiry on behalf of our members. Our members are covered by State Public Sector awards and agreements however some of our members are employed in Constitutional Corporations. We also cover general staff at Universities. Our membership has a majority of women members. The Public Service Association of South Australia also joins in this Submission. The Public Service Association of South Australia represents workers in the South Australia public sector, state agencies and statutory corporations.

Our union has long fought for and achieved paid maternity leave for our members. We have made submissions to previous Senate Inquiries and Human Rights and Equal Opportunity Commission Inquiry into Paid Maternity Leave

and we have negotiated paid maternity leave provisions into many awards and agreements on behalf of our members.

We believe that a modern economy that secures Australia's future prosperity and workforce requirements needs a National Paid Maternity/Parental Leave system. As Australia lags behind most of its international counterparts, this arm of social and economic policy is long overdue and requires immediate implementation.

Background -Gender equality in the Workforce

1. While women's labour force participation rates have increased both in Australia and internationally equality in the workforce still eludes women workers. There have been many positive developments in women's employment. Women are better educated, have access to a wider range of occupations and are breaking into senior and management positions. However while women's employment has grown, much of this growth has been in casual and part-time work, and in insecure, low paid and informal sectors of the

workforce. So while women's workforce participation rates have increased, about 70% of world's female population still live in poverty. The link between low wages, unemployment and poverty still determines the lives and experiences of many women workers.

2. Some policy makers and governments have tried to address the issue of gender inequality by introducing equal pay and equal opportunity programs for women workers but sadly we find that many inequalities still persist. Women are still paid less than their male counterparts and they are channelled to low paid, insecure forms of employment. Women hover around the lower and middle levels of many occupations and they are poorly represented in training schemes and professional development programs.

3. There are many reasons why gender inequality persists but we can link much of this to the social, economic and biological affect of childbirth and child rearing. Women still bare much of the responsibilities of family

and child caring. When we examine women's wages, promotions and workforce participation we find that in childbearing years women's employment suffers. The birth of a child imposes immediate financial pressures on women and their families and often results in their dislocation from work and impedes their future work experience. In order to advance equity, security and human dignity women workers need to be able to resolve the problems associated with childbearing and workforce participation. Paid maternity leave promotes workforce equality and improves the health and safety of mothers and their children.

4. In Australia most women workers have access to unpaid maternity leave through a myriad of state and federal industrial laws and awards. However the situation with paid maternity leave is much different. Paid maternity leave is only available to less than one third of Australian women workers. More than 120 countries around the world provide paid maternity leave through either the social security system,

employer or insurance funded schemes. It is hard to believe that Australia and the United States lag behind most industrialised countries in the provision and access to paid maternity leave. Of the women in Australia who do receive some benefit, they receive it through employer-funded schemes negotiated by trade unions; they usually work in the public sector and in large corporations. We would argue that Governments have a responsibility to provide entitlements that are desirable and beneficial to the social good and that they set good standards

5. Paid maternity leave is one measure in re-dressing gender inequality. It is a way of achieving social, political and economic equality for women. Childbirth is a significant event in life and it has a dramatic impact on the working life of women and their families. The provision of paid leave is an important maternal and child health measure that assists in the mother's physical recovery and the health and well being of the child.

6. Paid maternity leave is an important measure in achieving equity in the workforce. The birth of a child affects women's employment experience. It has a detrimental effect on their wages, their promotion and training and on long-term retirement benefits. According to Chapman, Dunlop, Gray, Liu and Mitchell the cost of childbirth and child rearing has a significant impact on women's lifetime earnings and on retirement income. They estimate that a first child for a degree holding mother results in a loss of \$239,000.00 and for a woman not completing high school the lifetime earnings loss is approximately \$167,000.00 (Chapman,Dunlop Gray, Liu and Mitchell 1999).

7. Jaumotte's study of OECD countries finds that female participation in the labour force is affected by flexibility of working-time arrangements, taxation of second earners childcare subsidies, child benefits and paid parental leave. She finds that Australia rates seventeenth out of twenty countries and confirms that

Australia inferior policies for working mothers inhibits their labour market participation (see Pocock 2004 p9 Labour Market Deregulation and Prospects for an Improvement in Australia Work/Care Regime)

8. Long term detachment from the workforce results in a greater reliance on the welfare system (Gregory 2002), a stifling of career progression, negative effects on retirement incomes and shifting women from contributing to the taxation system to be reliant on the welfare system. Further studies indicate that Australian women have far less accumulated superannuation than male workers when they reach retirement. Jeffersen and Preston found that women's disrupted workforce experience due to family responsibilities, childrearing and the effect of the gender pay gap amounts to women accumulating 35% less superannuation than men. Women are much more likely to be reliant on pensions and welfare in their retirement than men. A paid parental leave with the provision of superannuation will lessen the impact of

time out of the workforce on women's lifetime earnings (Jefferson and Preston (2005) Baby Boomers and Australia other Gender Wage Gap' Curtin University.

9. A national system that encompasses all employees is necessary as many women workers have been denied access to paid maternity leave because of the inability to bargain entitlements into employment contracts and industrial instruments. Studies of enterprise bargaining undertaken by the Australian Centre for Industrial Relations Research and Training have found that paid maternity leave is unlikely to spread throughout the workforce through enterprise bargaining. The ACIRRT database reveals that of collective agreements in 2000 only 6.7% have paid maternity leave provisions and only 1% of Australian Workplace Agreements have paid maternity leave provisions (ACIRRT2002).

10. Paid maternity leave is also of benefit to employers and consistent with good government policy as it encourages the return to work, reduces recruitment

and training costs, improves staff morale and productivity and maintains institutional memory and knowledge of the organization. It also has beneficial effects on the long-term labour market and labour supply.

International Obligations

1. Paid maternity leave is recognised in international instruments as a measure that prevents employment discrimination against women on the grounds of marriage of maternity and to ensure their effective right to work. It is also seen as a measure to defray the costs of having children across society without imposing loss of former employment, seniority or social allowances. In June 2000 the International Labour Organisation adopted a new standard for Maternity Leave. Convention No 183 and Recommendation No 191 sets a standard that all married and unmarried employed women receive 14 weeks paid maternity leave with no length of service condition. It also has provision for maternal health and employment protection and for protection against discrimination. ILO

Convention 183 aims at 'promoting equality of all women in the workforce and the health and safety of the mother and child'.

2. The Convention gives support to the concept of a national system as it states that maternity protection is not just a private responsibility or the responsibility of employers alone. It 'the shared responsibility of government and society' (ILO 183 preamble). Paid maternity leave is a positive measure to assist in the combining of work and family life. We note that as yet Australia has not ratified this convention. We suggest that the Government attend to the ratification of this Convention immediately.

Recommendations

- We propose a workforce related income replacement (paid maternity/parental leave) system that provides 26 weeks paid leave. We also suggest that as current international trends grant longer paid leave periods that a review should be conducted within five years

that gives consideration to extending the entitlement to 52 weeks. Providing 26 weeks paid parental leave is in line with World Health Organisation's recommendation for breastfeeding of infants for the first six months.

- We recommend immediate ratification by the Federal Government of ILO Convention 183.
- We propose that superannuation entitlements continue as that received by the employee.
- We suggest that either partner be eligible to access the 26 weeks paid leave.
- Adoptive parents must be granted the same entitlements.
- We propose that partners of mothers (partner leave) should be entitled to six weeks paid leave at replacement wages.
- We propose that the scheme apply to same sex partner arrangements.
- We propose that the scheme apply to all employees irrespective of their form of employment.

- As we propose a work-related scheme we suggest a qualification period of three months. In the circumstance of employees who work in 'atypical' short-term contracts, self-employed and contractors a workforce attachment requirement of continuous work for a six month period for the previous twelve months ought to be established.
- We suggest that the scheme protect entitlements already received by employees by the means of industrial awards and agreements and that the legislation include a provision that 'no employee be worse off'. This may require the legislation to apply a 'no-disadvantage test'. Any shortfall from the national scheme and that which is already received by the employee must be provided by the employer.
- We submit that while the Commonwealth Baby bonus continues to exist that this is a separate payment and not a work related leave payment.

We thank the Productivity Commission for enabling our Unions and others to make Submissions to this necessary

policy that will have positive impact social and economic well-being of Australia society.

CPSU-SPSF
160 Clarence Street,
Sydney.
and

Public Service Association South Australia
122 Pirie St.
Adelaide.