



Submission to Productivity Commission
Paid Maternity, Paternity and Parental Leave

May 2008

1. Unions Tasmania

Unions Tasmania is the peak organisation for unions in Tasmania and the State branch of the Australian Council of Trade Unions. Members of Unions Tasmania represent approximately 50,000 union members, from all industry sectors and across both the private and public sectors.

Our long-standing aims are as follows:

- (a) *to contribute to the establishment of an economic and social order in which persons can live with freedom and dignity and pursue both their spiritual development and their material well being in conditions of economic security and equal opportunity;*
- (b) *to improve the conditions and protect the interests of all classes of labour within the sphere of the Council's influence;*
- (c) *to give effect to the Australian Council of Trade Unions' policy as determined from time to time;*
- (d) *when requested to assist by conciliation or decision in the settlement of disputes between affiliated organisations;*
- (e) *to provide machinery for the just resolution of industrial disputes between employees and employers;*
- (f) *to promote, develop, and encourage the study of literature, science, art and other cultural activities amongst affiliated organisations by such means as Council may determine from time to time;*
- (g) *to establish Provincial Councils and to assist them in their operations;*
- (h) *to do all things expedient or incidental to the carrying out of these objects.*

Unions Tasmania seeks to address some of these issues in a submission to the Productivity Commission on Parental Leave. Unions Tasmania endorses and supports the submission made by the ACTU and makes our commentary as supplementary.

2. Introduction and Terms of Reference

Do we want babies and working women? Tasmanian women now have a full range of choices available to them but we now question whether society is prepared to make the further adjustments needed to recognize and facilitate the dual role?

Unions Tasmania submits that not only is having children socially desirable and fulfilling but to maintain an efficient workforce and our current and future prosperity we very much need many women to do both.

Can we at the same time recognize the role of fathers and facilitate their participation in early childhood?

There are many adjustments needed and the introduction of forms of paid and unpaid leave, the subject of this reference, is one of them.

The Commission has defined the scope of the reference to be

"While the terms 'maternity' and 'paternity' leave are generally understood to relate to leave from work taken by mothers and fathers around the time of the birth of their child, 'parental' leave can in some countries be used also to mean leave taken:

- *when adopting a child*
- *to tend to sick family members*
- *to care for children at different stages of their lives.*

However, for the purposes of this inquiry, the Commission will use the term 'paid parental leave' to cover paid maternity and paternity leave provided to a parent around the time of the birth of their child, and leave taken when adopting a child under two years of age."

In addressing these issues Unions Tasmania adopts and supports the policy position of the ACTU and offers further comment from the Tasmanian perspective.

3. The Case for Maternity Leave

1. BENEFITS of Paid Parental Leave:

- **Increases women's participation** in the labour market. The labour market is increasingly dependent upon their contribution.
- **Increases retention** of women in the labour market. The labour market is increasingly dependent upon their contribution.

A survey of Catholic Schools, to which not all replied, in Tasmania by the Catholic Education Office over the period January 2006 to the present found that 85 women applied for maternity leave, 65 have returned to work, 11 are still on leave and 9 did not return (of these one is known to have moved interstate). A non return rate of less than 10 % suggests strong attachment to the workforce facilitated by paid and unpaid leave.

- **According to Dr Barbara Pocock** in her submission "A Time to Act: Paid Maternity Leave for all South Australian Women – *Supplementary Submission to the Select Committee on Balancing Work & Life Responsibilities*; August 2007

".... assists employers by increasing labour market attachment and lowering the costs of turnover & recruitment. . . . According to international research the evidence of positive effects about PML is increasing. This evidence is convincing on several grounds: the effect on women's labour market participation, the well-being of women, infants & children; and fertility. The evidence extends across a range of years, countries and policy contexts."

- **Improved health outcomes** for both mother & child; Recovery from childbirth is supported by access to PML as is bonding with the new baby.
- **Contributes to greater workforce equality** – women out of the workforce have a loss of relevant skills, lose confidence, have difficulty in building a career and experience a drop in life-time earnings and superannuation
- **Australia and the US are the last OECD countries** without a national system of paid leave available to working women. Australia's work/family arrangements lag well behind international standards in the industrialised world. PML is well overdue in a prosperous first world economy that increasingly relies on the paid work of women.

- **28** countries in an international study provide a birth grant as well as PML. This assists with the direct costs of having children.
- **Income stability** to provide a period of financial security during the leave period
- **Public support** of PPL is high; 75% of Australian are in favour of working women having access to some type of PML
- **Breast Feeding.** Studies suggest a link between return to work and cessation of breastfeeding. WHO recommends that all babies are breastfed for 6 months. PPL can facilitate mother-child bonding & enable sufficient time for breastfeeding to become well established.

4. The ACTU proposal for paid maternity leave scheme:

- ◆ All mothers (whether in paid work or not) to receive at least the equivalent of 14 weeks pay at the Federal Minimum Wage (currently \$522) ;
- ◆ All mothers to receive at least 9% super contribution on the paid leave;
- ◆ Working mothers to receive a "top-up" to ordinary time earnings funded by their employer as part of the National Employment Standards legislation;
- ◆ Working mothers to accrue long service leave, annual leave and sick leave entitlements whilst receiving paid maternity leave as part of the National Employment Standards legislation.

Government Contribution:

- ◆ The government funded maternity assistance (the baby bonus, currently \$4258.00 to be increased to \$5,000.00 on 1 July 2008 after tax) would be increased to 14 weeks pay at Federal Minimum Wage (currently \$7120.00 after tax);
- ◆ Plus 9% super;
- ◆ Payable to all mothers (whether in paid work or not) fortnightly.

Cost to Government

The additional cost to government would be quite low as, in contrast with the existing baby bonus, the taxation of the maternity leave payment would provide returns to government. It would also introduce a progressive element.

Employer Contribution

- ◆ The NES to require employers to pay 14 weeks at ordinary time earnings, plus superannuation;
- ◆ Employer contributions are to be off-set by the amount of government funded maternity pay provided to the employee.

Cost to Employer

There is no cost to employers of low paid women earning the Federal Minimum Wage, a small cost to employers of median income women, and the cost to employers of higher paid women is likely be absorbed as employers are already much more likely to provide paid maternity leave to high income women employees.

Eligibility

- ◆ The Government paid maternity leave scheme should be for all mothers regardless of length of service, if any, with their current employer;
- ◆ It may be reasonable to have an eligibility period for those entitled to employer 'top-up';
- ◆ Paid maternity leave should be for all mothers regardless of whether they are employed on a full-time, part-time or casual basis.

Bargaining

- ◆ Unions will be entitled to bargain with employers to provide for longer periods of paid maternity leave;
- ◆ We will also argue for the NES to include breastfeeding breaks & ante natal visits and seek improvements to the NES provisions for return to work and flexible working arrangements.

Pre-existing Schemes:

The following clarifications and explanations are added to that policy position.

IN ADDITION Employers who already provide paid parental leave should not be allowed to "pocket" the government funded component of a national universal maternity leave provision. Approximately one third of Australian women currently have some form of paid maternity leave through their employer ranging from around four weeks to fourteen weeks in duration.

Any national paid maternity leave scheme should be in addition to any pre-existing schemes that are already in the workforce. Women who have access to these schemes should be able to take the maternity leave provision they

are already entitled to and then access the fourteen week national scheme which would allow some women provision for up to 28 weeks paid maternity leave.

TOP UP. Employers with existing provisions of less than 14 weeks fully paid maternity leave would have to “top up” this additional 14 weeks to the employee’s ordinary time earnings. This could be dealt with in several ways and we suggest the commission investigate the options in this area. Our preference is that an employer who already offers a paid maternity leave provision could be placed under the obligation to ensure that the employee receives the equivalent of their ordinary time earnings for a minimum of fourteen weeks. Thus an employer that offers four weeks paid leave would have to top up the national scheme entitlement for ten of the fourteen weeks taken.

The option should be left open for women in this position to negotiate within the normal bargaining process for the top up to be extended for a longer period.

Under this proposal the following case scenarios would apply:

Women with no current access to paid maternity leave

Government provides: 14 weeks at min wage

Employer provides: 14 weeks top up to ordinary rate of pay

Women with current access to paid maternity leave of less than 14 weeks through their employer

Government provides: 14 weeks at minimum wage in addition to their current entitlement

Employer provides: must meet basic requirement that a minimum of 14 weeks of the leave is at ordinary rate of pay. Top up the difference between the current scheme and 14 weeks. Eg: If the current company scheme provides 6 weeks of paid leave the employer must top up 8 weeks of the government funded scheme to ordinary rate of pay.

Women with current access to paid maternity leave of more than 14 weeks through their employer

Government provides 14 weeks at minimum wage in addition to their current entitlement

Employer provides: nil additional because the current scheme exceeds 14 weeks

Women not currently in work

Government provides: 14 weeks at minimum wage

Paternity Leave

It is submitted also that an enlightened society recognizes the role of a father in child raising. Bringing a new child into a home is both a wonderful and a very disruptive time. Paid leave for the father, if he is not already the primary carer, should be government funded under similar terms for a period of four weeks.

Adoption

The maternity leave scheme should also apply to parents who adopt. While the time needed to recover from birth physically is not relevant in these cases the time and importance of family bonding is critical. The more complex bonding issues in the case of adoption must be taken into account and any national scheme should be extended to parents who are adopting. The allocation of periods of government funded leave could be left to the negotiation of the two carers involved.

Paid Partners or Alternate Carers leave

Consideration to date has been based around a traditional family model of father, mother and child. While this is still the majority model it is certainly not the only one.

Other models include sole parents, same sex couples and assisting grandparents. We need to consider providing the family with the flexibility which acknowledges this variety of modern family structures.

The number of one parent families is increasing in Australia (2006 ABS Census 15.8 per cent, up from 14.5 per cent). Therefore the merit of a scheme that is prepared to pay a non primary, alternate carer who is in the workforce four weeks leave in order to support a mother with a newly born child should be considered.

"Between 1997 and 2006 the proportion of lone parents who were in the labour force (i.e. either employed or looking for work) increased from 52% to 62%. This reflected an increase in the proportion of lone mothers in the labour force, from 49% to 60%. Over the same period the proportion of partnered mothers in the labour force also increased, from 61% to 66%. The labour force participation rate of partnered fathers remained the same (around 94%) while that for the small number of lone fathers fluctuated in the range 63% to 77%.

The increase in labour force participation of mothers largely reflected

an increase in the proportion of mothers in part-time work. In 1997, 23% of lone mothers worked part-time, increasing to 32% in 2006. The proportion of partnered mothers working part-time increased at a slower rate, from 34% to 39%, over the same period. In contrast, there was little change in the proportion of mothers working full-time over this period. The proportion of lone mothers employed full-time."

Source 4102.0 - Australian Social Trends, 2007. The proportion of One Parent Families was 18% in 1997 and 19% in 2006; and the proportion of partnered mothers working full-time was 23% in 1997 and 24% in 2006.

5. The Tasmanian workforce

This section considers the likely impact on employers in Tasmania by considering who is likely to require an employer top up, noting that employers already paying maternity leave will continue to do so.

The Tasmanian workforce has an aging demographic and in less than five years time on current trends the workforce will start shrinking as retirements exceed new starters for the first time ever. Tasmania also has a significant shortfall in the age bracket 25 to 35 as many young Tasmanians pursue opportunities not available in Tasmania.

Currently Tasmanian employers are consistently reporting skill and labour shortages as the single biggest impediment to their businesses. Tasmania has a very low participation rate for women workers.

Where do women work?

Total Number of Women in Tasmania	250,0000
Women in Tasmania aged 16 to 45	96,000
Women (men) in the Workforce	106, 900 (130,700)
Unemployed	5, 200 (4.700)
Full Time	54, 400 (109,000)
Part Time	47, 400 (17, 000)
Participation Rate	53.8 % (67.7%0)
Participation Rate 16 to 45	varies but approx 70 %

Earnings ; Tasmania ; Females ; Full Time ; Adult ; Total earnings ; \$ 960
Earnings ; Tasmania ; Females ; All Adult; Total earnings ; \$ 613

ABS 6302.0 November 2007

Therefore the average wage for part time women is \$214 a week.

Major Industries (71% of women)

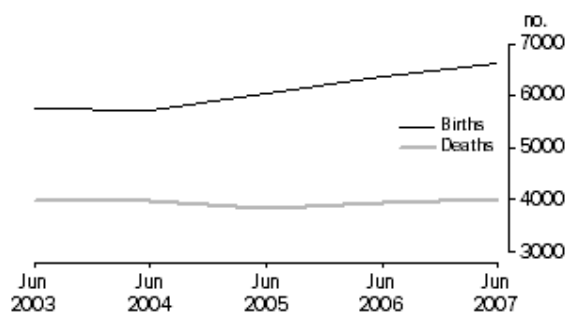
Health, Community Services	19000	(56/44 fulltime to part time)
Retail	17000	(55/45 full time to part time)
Education	11000	(70/30 fulltime to part time)
Govt. Admin	8000	
Property/Business Services	7000	
ACC, Cafes, Rest.	6500	(50/50 full time to part time)
Manufacturing	5000	

(See tables 1 and 2.)

7. Fertility

There has been a gradual increase in the number of births in Tasmania over the past three years. Whether this is a response to federal government incentives or possibly an intergenerational delay catch up is open to conjecture. The number of births has been between 6000 and 7000 for the last five years.

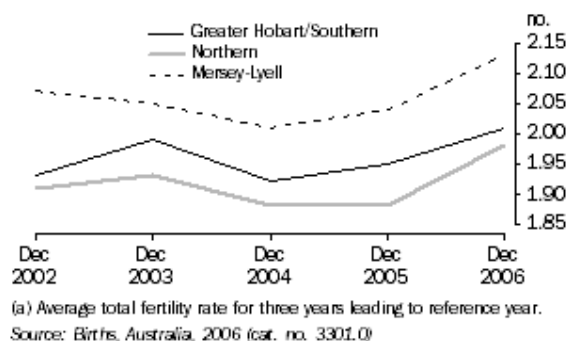
(ABS 6105 April 2008)



Source: Australian Demographic Statistics, Jun 2007 (cat. no. 3101.0)

It is also interesting to note that the fertility rate is 20% higher in the economically less successful regions of Tasmania. Full time employment is higher in Greater Hobart than Northern and in turn the Mersey Lyell.

Perhaps this reflects the role of paid work in reducing birth numbers or it may be a more complex socioeconomic and educational issue.



8. WHO PAYS?

Under the proposed scheme Tasmania would have 6500 women a year qualifying for maternity leave. If we make the very conservative assumption that the distribution of babies is equal between women in the workforce and women not in the workforce 4,500 women would qualify for maternity leave each year and 2,000 would qualify for the minimum wage payment.

This would cost the federal government 47.5 million dollars a year in total in Tasmania. By rolling in the current baby bonus the additional cost is just 15 million dollars.

Of this employers would pay nothing extra for those:

- Not in the paid workforce (2000+)
- Those currently earning less than the minimum wage each week
- Those already receiving 14 weeks or more of paid leave

Employers making an extra contribution would be

- Those paying less than 14 weeks leave where employees earn more than the minimum wage. Employers will top up to normal weekly wage for weeks 13 and 14 in the case of 1 a 12 week scheme etc
- Those where no contribution is currently made and employees earn more than the minimum wage

For the first of these categories employees would receive their current entitlement plus 14 weeks on the minimum wage. To bring this up to the standard of 14 weeks on normal pay two extra weeks (in the case of an existing 12 week entitlement) of top up would be paid by the employer. On the

average female salary this would be \$182 ($613-522 \times 2$). In other words the average extra cost for employers currently paying 12 weeks leave would be only \$182.

For employers who currently provide nothing the top up will be for 14 weeks and on average for all workers would cost \$1274. ($14 \times 613-522$).

For employers who currently provide nothing the top up will be for 14 weeks and on average for full time workers would cost \$6132 ($14 \times 960-522$)

To make an estimate of how many workers fall into these categories requiring employer top up we would start with 4500 and subtract

- Those in state government employment – 515 in 2006-2007
- Those in Commonwealth employment – est. 85 in 2007
- Teachers in Catholic Schools – 45
(under-estimate based on survey by Catholic Education Office to which not all schools replied)
- Those on salaries below minimum wage – 2115
(Estimate based on 47% of workforce being part time with average wage of \$214 a week)
- Professionals in private health/community services and education already receiving paid leave – unknown
- Other women with maternity leave entitlements – unknown
- Working women who have not met the eligibility period for employer benefit - unknown

The maximum number of women left for employers to pay top up for is 1825, well under 30% of total births and probably significantly less when considering the unknown number of deductions. This does not seem a heavy impost on a booming economy, particularly as it is in the employer's best interests to increase participation and retention rates.

Graph 1

Employment by Industry by Gender, 2006 Census ('000)

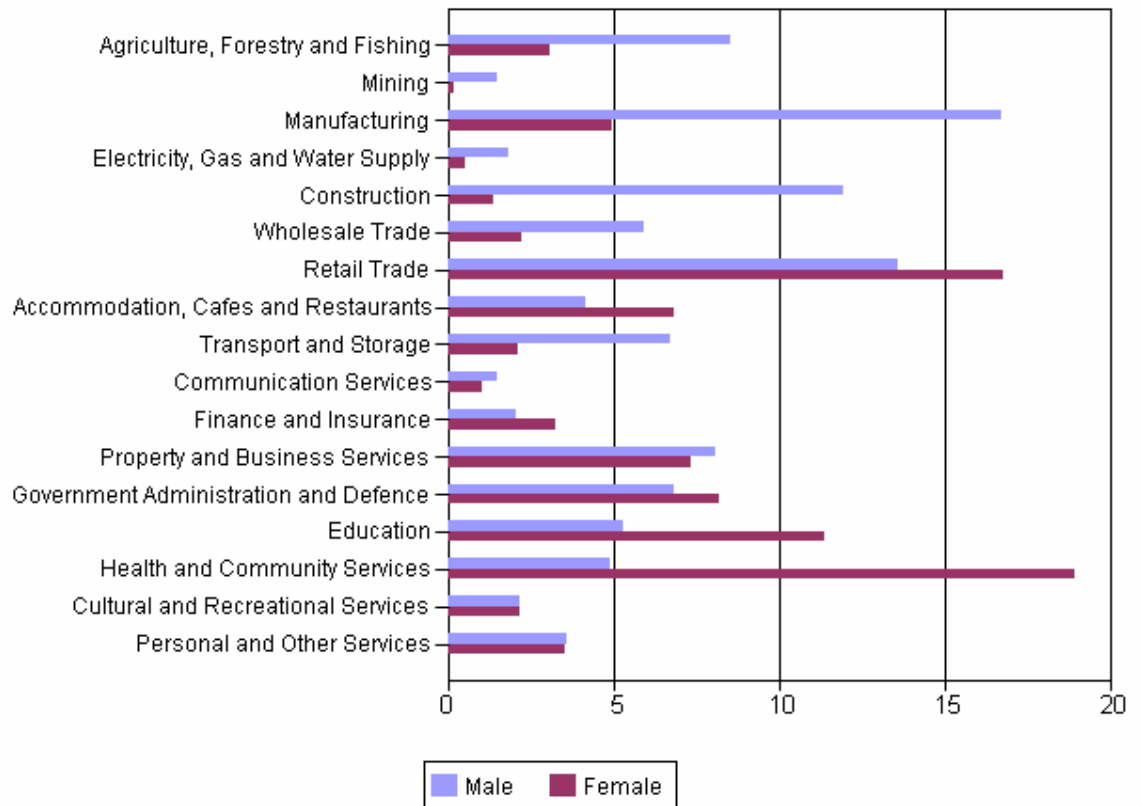


Chart Source: 2006 Census data, based on place usual of residence. Data are concorded from the 2006 Statistical Local Area (SLA) to the 2006 ESA.

Graph 2

**Tasmania and Australia
Employment Distribution by Industry, 2006 Census (%)**

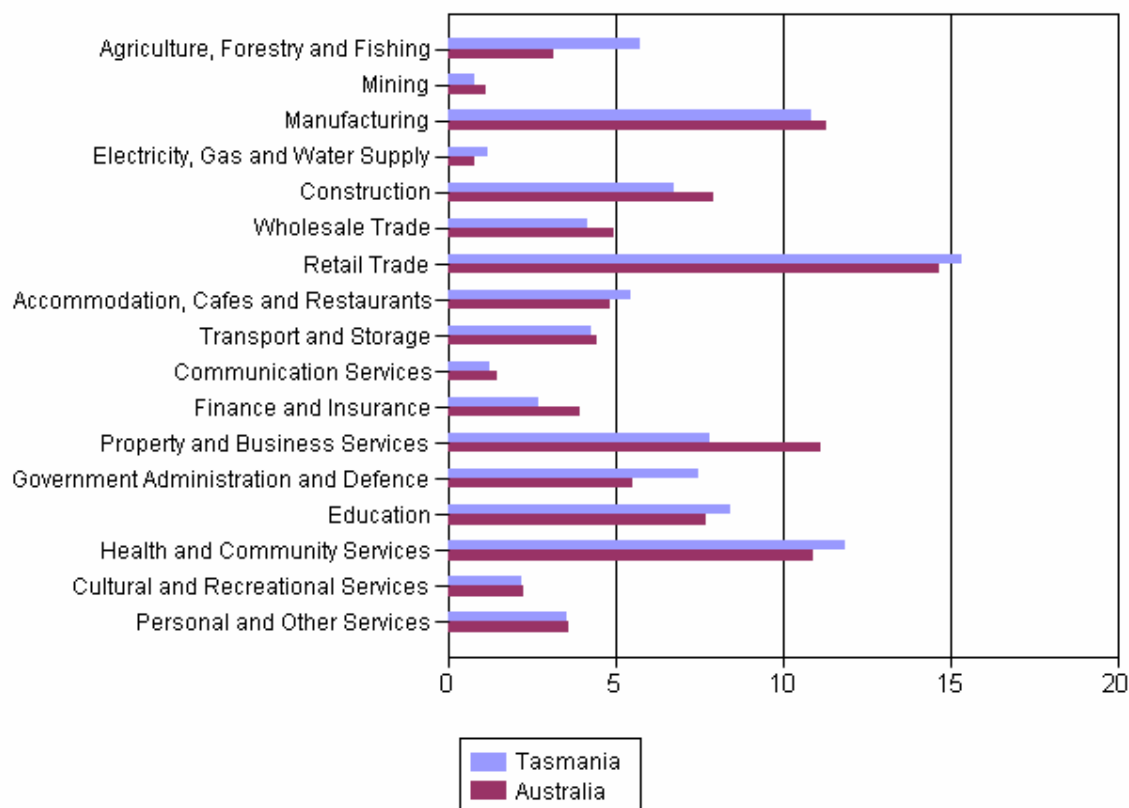
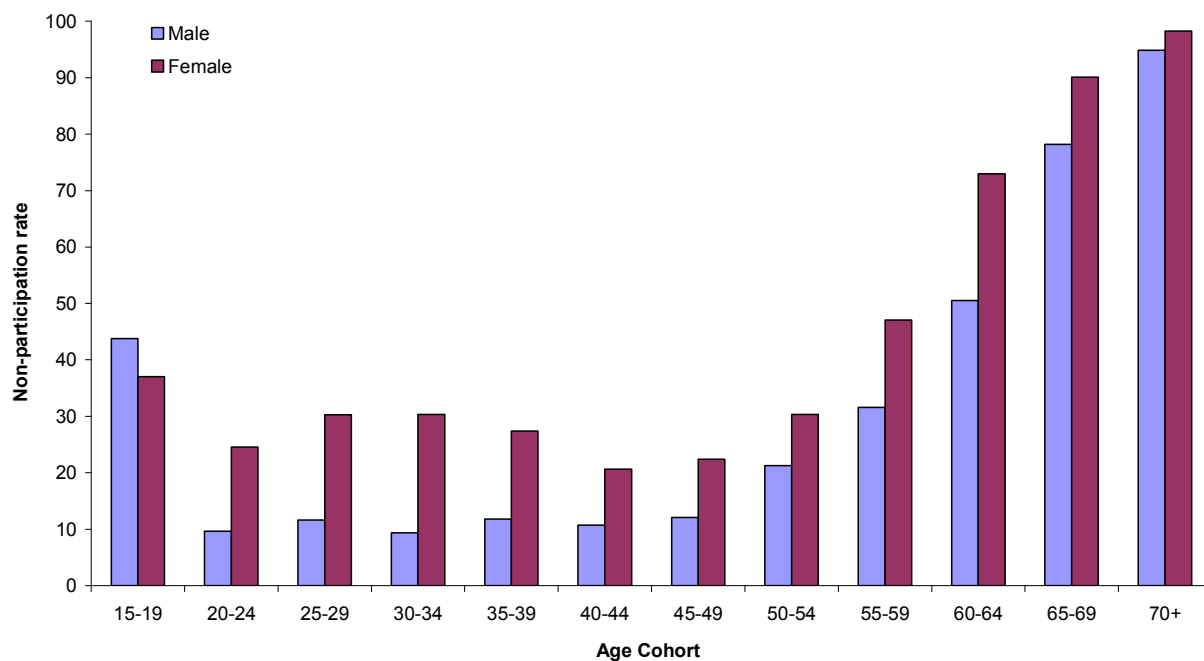


Chart Source: 2006 Census data, based on place usual of residence. Data are concorded from the 2006 Statistical Local Area (SLA) to the 2006 ESA.

Non-Participation Rates by Gender, Tasmania, Average in Year to April 2007



Source: Labour Force Australia, Detailed – Electronic Delivery, ABS Cat No 6291.0.55.001.

Simon Cocker
Secretary
Unions Tasmania