



**SUBMISSION TO PRODUCTIVITY COMMISSION**  
**INQUIRY INTO PAID MATERNITY, PATERNITY AND PARENTAL LEAVE**

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## **INTRODUCTION: THE AUSIMM AND WIMNET**

This is a joint submission of The Australasian Institute of Mining and Metallurgy (The AusIMM) and the Women in Mining Networking Committee (WIMNet).

The AusIMM is the leading organisation representing professionals in the minerals sector, primarily in the Australasian region but also overseas. We have approximately 8,800 members spread across the technical disciplines in the minerals sector; primarily metallurgy, mining engineering and geoscience. Women currently comprise roughly 10% of our membership. Increasing women's participation in the minerals sector is a major policy priority for The AusIMM.

The WIMNet is a sub committee aimed at supporting women in mining which operates under the auspices of The AusIMM. Participation in WIMNet initiatives such as networking events is open to all women in mining, regardless of membership of The AusIMM – supporting the broader AusIMM goal of a more equitable sector.

Both the AusIMM and WIMNet are of the view that developing an efficient paid parental leave scheme will improve the equitable participation of women in the minerals sector. This will assist the industry to meet its current skills needs as well as addressing more general social equity concerns.

## **2. MINERALS INDUSTRY SKILLS SHORTAGE AND THE NEED FOR FAMILY FRIENDLY POLICIES**

### **a. Minerals industry skills shortage**

The skills shortage in the minerals sector has been well documented. In the past few years, the ABARE Report on projects in the minerals sector has consistently reported companies citing human capital shortages as the key cause of project delays.

Moreover, according to *The 2008 AusIMM Remuneration and Employment Survey* ('The AusIMM Survey') of members:

- 64.1% of respondents agreed with the statement that, 'the skills shortage has left my company short staffed.'
- 56.9% of respondents agreed with the statement that, 'the skills shortage has meant we have more people performing in more senior roles without sufficient professional experience.'
- 66.8% of respondents agreed with the statement that, 'the skills shortage has meant my employer now pays more for less experienced personnel.'

### **b. Women as an under-utilised source of human capital**

The attraction and retention of women is increasingly viewed by mining organisations as a key strategy for addressing the skills shortage. Currently women account for only 18% of the mining workforce, compared with 42% of the total Australian workforce. The numbers of women in operational roles is particularly low, with women comprising only 7% of the technical professional workforce and 3% of the site based workforce respectively.<sup>1</sup>

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<sup>1</sup> Minerals Council of Australia, 'Unearthing New Resources – Attracting and Retaining Women in the Australian Mining Industry,' (May 2007) at [http://www.minerals.org.au/data/assets/pdf\\_file/0016/20275/MCA\\_Women\\_In\\_Mining\\_Web\\_Version.pdf](http://www.minerals.org.au/data/assets/pdf_file/0016/20275/MCA_Women_In_Mining_Web_Version.pdf)

A number of leading companies have targeted recruitment drives aimed at women. However, the industry is still a long way to being perceived as family friendly overall, resulting in poor attraction and retention of women. The recent Minerals Council of Australia report *'Attracting and Retaining Women in the Australian Mining Industry'* (MCA Report) found that starting a family was the most common reason women left mining, and that the age profile is heavily skewed to the under 34 age group.<sup>2</sup>

### **c. Systemic barriers to women's participation**

Implementing more family friendly policies is critical to lifting women's participation in the sector. Donna Frater, Chair of the WIMNet Committee, supports the view that rigid workplace policy is one the reasons behind women's static participation in the minerals sector. Having spent 15 years in exploration and mining as a geologist, Ms Frater is well aware of both the benefits and the pitfalls of being a woman in a non-traditional role:

*"I still see an industry that doesn't always behave in a way which demonstrates an appreciation of diversity... This is apparent in the low participation rates. Women make up less than 7% of the professional technical workforce in mining, a figure that has remained relatively static in the last twenty years."*

The MCA Report showed that most women in the minerals industry expected that having children would impact negatively on their career.<sup>3</sup> Furthermore, the MCA's research showed that women in mining who take a career break to have children generally do not return to work in the industry due to quality of life and limited access to standard services.

The AusIMM Survey was consistent with these findings. More than one third (39.6%) of female respondents disagreed or strongly disagreed with the statement that prospects for career progression was equally good for people with caring commitments as for people without them.

The AusIMM Survey also found that turnover associated with caring responsibilities is high. That is, of the female respondents who identified themselves as carers, 73.6% had taken a career break to tend to those responsibilities, with 42.5% taking a career break of less than a year. Although a small proportion of these respondents may have taken career breaks to tend to a sick or disabled child, it has assumed that for the most part, these career breaks represent periods of maternity leave.

Barely half of those female respondents who took maternity leave (51.5%) returned to the same employer. Given that the Survey is only sent to women currently in the sector, the number of professional women who left the industry altogether is probably much higher. The women surveyed represent professionals in key technical disciplines, often with deep corporate knowledge of the organizations in which they work. The cost to the company of losing them is significant.

Given that the average contribution in terms of GDP for an employee in the mining industry is \$337,000, the loss to the economy is also likely to be significant, particularly in a time of skills shortage.

The Australian Council of Trade Unions (ACTU) has reported that a well designed paid parental leave scheme in Australia would benefit families and actually save

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<sup>2</sup> Ibid.

<sup>3</sup> OfW, MCA 2007. Op.cit. "Gender Roles and Gender Order." Pg. 45.

businesses thousands of dollars every year in staff replacement and re-training cost.<sup>4</sup> The AusIMM and WIMNet concur that a period of paid parental leave at full pay would significantly reduce turnover and business costs.

To a primary carer, the emotional and financial costs of undertaking unpaid maternity leave are significant. Parents who take leave to care for infants forego considerable income and may face higher costs than parents in other industries. That is, many parents in the mining industry are located in rural and regional Australia and unable to rely on extended family networks to perform 'unpaid services.'

The AusIMM recognizes that there is no single solution to increasing women's equitable participation in the minerals sector. However, a package of family-friendly policies will make a significant difference. These include availability of flexible work practices, quality part-time work arrangements, quality affordable child care and, critically, a period of mandated paid parental leave.

A mandated period of paid parental leave would ensure that the industry recognizes that *having a child is a legitimate activity to undertake for a person who is also employed*. The education industry reports the best incidence of paid maternity, with 56.4% of employees being entitled to and taking paid leave. This is compared with the mining industry's 29.5% incidence rate of paid maternity.<sup>5</sup> A well designed mandated scheme would require the industry to do better, and provide an effective funding model for it to do so without adverse economic outcomes.

### **3. PARENTAL LEAVE SCHEME DESIGN & SUPPORTING POLICIES**

The various models put forward in the Productivity Commission issues paper were reviewed for our industry. The AusIMM and WIMNet recommend a *minimum* of 14 weeks of paid parental leave, consistent with the International Labour Organisation's Maternity Leave Protection Convention, 2000 (No 183), for the primary carer of the infant.

In order to be meaningful for professionals in the minerals sector, the amount paid must be close to or equivalent to the employee's full pay over the leave period, with a reduced percentage over a further period to be considered.

As equitable participation in the workforce, productivity, health and well being of infants and their parents is rightly the concern of all Australians, it is appropriate that the cost of paid parental leave be met by the Federal Government. Requiring employers to pay for the scheme could act as a disincentive against organisations hiring women of child-bearing age, adversely affect Small and Medium Enterprises (SMEs) who cannot bear the cost burden, and put at risk organisations where several women undertake parental leave at once.

The scheme should be paid from general social security funding or from a National Fund set aside for the purpose of paid maternity leave, to which employers contribute in proportion to their staff numbers or in relation to the size of their payroll. If need be the National Fund should be further subsidised by the Government.

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<sup>4</sup> ACTU. "14 weeks for women – ACTU maternity scheme affordable and good for families," ACTU, May 2008. URL at <http://www.actu.asn.au/Media/Mediareleases/14weeksforallwomenACTUpaidmaternityschemeaffordableandgoodforfamilies.aspx>

<sup>5</sup> Equal Opportunity for Women in the Workplace Agency. "Paid Maternity Leave – Industry Comparisons," 2001. URL at [http://www.eowa.gov.au/australian\\_women\\_in\\_leadership\\_census/about\\_equal\\_opportunity/key\\_agenda\\_items/work\\_life\\_balance/paid\\_maternity\\_leave/industry\\_and\\_international\\_comparisons.asp](http://www.eowa.gov.au/australian_women_in_leadership_census/about_equal_opportunity/key_agenda_items/work_life_balance/paid_maternity_leave/industry_and_international_comparisons.asp)

In terms of eligibility, the employee should have spent a minimum amount of time in the workforce over the previous year. For example, in Norway it is required that persons have been in paid work (employed or self-employed) for six of the last 10 months. We do not recommend that the eligibility period be based on a period with any particular employer, based on the need for a fluid skills base for Australia.

Both men and women should be equally eligible for paid parental leave, provided that they are the primary carer. Additionally, a mandated period of paternity leave of two weeks is also recommended.

The AusIMM WIMNet has also obtained anecdotal evidence about a general lack of 'on ramps' for women who have taken maternity leave, and that a successful return to their previous employer was largely contingent on effective communication between professionals and their managers. We submit that an education program for employers and employees should be rolled out simultaneously with the paid parental leave scheme, covering topics such as negotiating a return-to-work plan before taking leave, the importance of 'on ramps', and strategies for maintaining contact.

### **Recommendations for Paid Parental Leave Scheme Design**

- **Implement a period of 14 weeks' mandated parental leave during which time the primary carer is paid gross weekly rate of pay (pay before tax) with an upper ceiling**
- **The Federal Government to pay for the scheme, either from general social security funding or from a National Fund set aside for the purpose of paid maternity leave, to which employers contribute in proportion to their staff numbers or in relation to the size of their payroll. If need be the National Fund should be further subsidised by the Government.**
- **Eligibility to be restricted to those who have spent a minimum amount of time in the workforce (but not necessarily with the one employer)**
- **Primary carer to be eligible regardless of gender**
- **Introduce a minimum period of paid paternity leave**
- **Educate employers on the importance of providing 'on ramps' to women and the importance of maintaining communication with the employee during their career break, and provide guidance on how to do this successfully**
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## **4. HEALTH AND EQUITY ISSUES**

The benefits of a paid parental leave scheme extend beyond income, addressing the skills shortage; it is relevant also to the general well-being of both mother and child and the broader goal of gender equity in Australia.

The lack of opportunity to establish successful breastfeeding increases ill health among mothers and babies.<sup>6</sup> Additionally, opportunities to significantly bond with the child are reduced, along with not allowing mothers significant time to recover from child-birth. There is also a greater risk of infectious diseases in very young children at day care.<sup>7</sup> If women have a more rounded option about when and whether they will return to the workforce, the duration of breastfeeding is likely to be extended.

Even if a parent decided to stay home from work without paid leave to care for their child, circumstances are made more difficult than they should be. Along with reduced income, gender equity issues arise. Without paid parental leave, the familial security is lessened. Women who forego payment as a result of caring responsibilities have less financial security both in the short and long term, e.g., reduced superannuation accrual.

An AusIMM member aptly sums up the health and equity issues that arise:

*"I have decided to take some more leave (some unpaid), taking me up to September. I was feeling a bit rushed and wanted to breast feed longer. I feel very sorry for the women who don't have any paid maternity leave. I have heard of babies going to day care at 3 weeks old..."*

*...all women should be allowed some paid maternity leave from the employer."*

There are clear equity arguments in favour of extending paid parental leave to encourage women's participation in industries such as mining. To the extent that policies in traditionally male dominated industries are not supportive of caring responsibilities, women will continue to miss out on the benefits of participating in these industries. There are a range of flow on impacts from this that cut across issues such as the status of women in society generally and the broadening gender pay gap in Australia.

It has been widely reported that the salary surge in the mining industry has widened the gender pay gap, and that as a result of their low participation in the boom and as a proportion of male earnings, female wages have reached their lowest level in more than eight years. That is, between 2000 and 2004 the ordinary-time earnings of full-time female workers were about 85% of the male average. They are now 83.6%, the lowest proportion since late 1998. This growth differential is most apparent in the private sector, where male wages rose by 3.5% in the year to November, compared with 1.5% for women.

## **5. RETURNING TO WORK AND THE ROLE OF CHILD CARE POLICY**

Implementing a paid parental leave scheme would be an enormous step forward in increasing women's participation in the workforce in Australia. However it is equally important to look at the next step. What happens when the primary carer wants to return to work?

Finding appropriate and affordable child care is a particular challenge for women in the mining sector. As previously mentioned, they are away from traditional support networks such as friends and family, and the areas in which they work frequently

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<sup>6</sup> Australian Breastfeeding Association. "Valuing Parenthood: Options for Paid Maternity Leave," *Submission to the Sex Discrimination Commissioner*, 2002.

<sup>7</sup> National Health and Medical Research Council. "Staying Healthy in Child-Care – Preventing infectious diseases in child care," fourth edition, 2006.

offer limited services. For example, a female mining engineer living in Moranbah, QLD, has indicated that there are only six places per day for children under two for the whole town (population ~10,000).

The generous increase in the 2008-09 Budget in the Child Care Tax Rebate is acknowledged. However in rural regions, \$7,500 falls a long way short of the costs of care for parents in the mining industry in remote regions – these families have reported paying in excess of \$30,000 for both partners to return to full time work.

The AusIMM Survey confirmed the hypothesis that costs of caring is adversely affecting retention of carers in the minerals sector. Of the female respondents who identified themselves as carers:

- 25% agreed that *'Costs of care are a disincentive to continue working in my current role.'*
- 20.8% agreed that, *'Costs of caring are a disincentive to continue to work in the minerals sector.'*

In many cases, employers are keen to assist with their employees' child care costs. However at present, employer sponsored child care incurs heavy Fringe Benefits Tax. The only option for employer-sponsored child care that is exempt is an employer-run child care centre. Employers in the mining sector generally find running a child care centre an unattractive option, both because of the risks and liabilities this creates and because of the tensions created in the local community if the centre is only for use by mine employees.

Most employers would prefer to negotiate a mutually agreeable arrangement with their employees to sponsor a place with a local provider. Due to the nature of mine rosters, which are almost always outside standard working hours, the most suitable arrangement is often in-home care and family day care.

Extending the Fringe Benefits Tax exemption to all employer sponsored child care would allow employers to assist in meeting the significant costs of child care without needing to take on the burden of running a child care centre themselves.

### **Recommendations for Child Care Policy**

- **Extend fringe benefits tax exemption to all forms of employer sponsored child care**
- **New Government Child Care centres to operate outside of standard hours, in particular, where they are in mining towns they must accommodate shift workers**

## **SUMMARY OF RECOMMENDATIONS**

### **Parental leave scheme design & supporting policies**

- Implement a period of 14 weeks' mandated parental leave during which time the primary carer is paid gross weekly rate of pay (pay before tax) with an upper ceiling
- The Federal Government to pay for the scheme, either from general social security funding or from a National Fund set aside for the purpose of paid maternity leave, to which employers contribute in proportion to their staff numbers or in relation to the size of their payroll. If need be the National Fund should be further subsidised by the Government.
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