



DCA's submission to the
Productivity Commission Inquiry
into Paid Maternity, Paternity
and Parental Leave

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Contents

1. ABOUT DIVERSITY COUNCIL AUSTRALIA.....	3
2. DCA RECOMMENDS GOVERNMENT-FUNDED 14 WEEKS PAID LEAVE.....	3
3. PAID MATERNITY LEAVE DELIVERS SIGNIFICANT BUSINESS BENEFITS	4
ANZ.....	4
Australian Securities Exchange (ASX).....	5
Goldman Sachs JBWere.....	6
Lend Lease	7
McDonald's Australia Limited.....	7
National Australia Bank.....	9
Rio Tinto.....	9
Shell	10
The Cancer Council Queensland.....	11
4. BUSINESS IS UNFAIRLY SHOULDERING THE BURDEN.....	11
5. UNEQUAL ACCESS DISADVANTAGES MANY WOMEN	12

1. ABOUT DIVERSITY COUNCIL AUSTRALIA

Diversity Council Australia (DCA) provides diversity advice and strategy to over 100 organisations, many of whom are Australia's biggest employers.

Our mission is to lead in diversity thought and practice in Australia in partnership with our member organisations to:

1. Model and provide leading diversity practice in an Australian context
2. Embed this practice into businesses and organisations
3. Influence and lead the direction of diversity debate in Australia and in our region
4. Achieve excellence in diversity compliance in a changing legislative environment.

Funded solely by member subscription and advisory services, our members are Australia's leading diversity and strategically-oriented businesses – they understand that membership of DCA as the peak diversity organisation in Australia pays dividends, both internally and externally.

2. DCA RECOMMENDS GOVERNMENT-FUNDED 14 WEEKS PAID LEAVE

DCA supports all women having access to 14 weeks government-funded paid maternity leave.

This is consistent with the position of the Human Rights & Equal Opportunity Commission, the Australian Industry Group and the Australian Council of Trade Unions.¹ Australia is only one of two OECD countries who currently have no entitlement to paid maternity leave along with the United States.

DCA argues that 14 weeks paid maternity leave should be government-funded.

DCA believes that the 14 weeks paid maternity leave should be partially funded by rolling the Federal Government \$5000 baby bonus into the 14 weeks paid maternity leave payment and provide paid leave for all workers as a workplace entitlement.

This scheme would be government-funded at the level of the minimum wage.

Employees working for larger private or public sector organisations will still be eligible for greater benefits funded by their employer, such as the NAB and Lend Lease.

Employees should be given the option of electing to receive payment for this leave either as a lump sum in advance at the commencement of the leave or spread out over the course of their leave. The experience of DCA members is that employees appreciate being able to take the benefit in paid leave at a half rate spread over a longer period of leave.

DCA recommends same sex couples and adoption primary care-givers are also able to access the same leave entitlements.

¹The Human Rights & Equal Opportunity Commission, AiG and the ACTU recently called for 14 weeks paid leave, see: http://www.hreoc.gov.au/about/media/media_releases/2008/38_08.html. 14 weeks of paid leave is internationally recognised as being a suitable minimum amount of time and is the standard in the International Labour Organisation's (ILO) Maternity Protection Convention, <http://www.ilo.org/ilolex/cgi-lex/convde.pl?C183>.

3. PAID MATERNITY LEAVE DELIVERS SIGNIFICANT BUSINESS BENEFITS

Leading employers have long recognised the benefits of paid maternity leave to productivity and business which include:

- Attracting and retaining talented employees;
- Protecting the significant investment in training and developing employees;
- Improving staff retention and reducing turnover; and
- Supporting family-friendly practices in workplaces as crucial to keeping skilled workers.

Given Australia's ageing workforce, tight labour market and relatively low rates of workforce participation for women of child-bearing age compared with other developed countries², retaining women in the workforce has never been more important.

According to the Equal Opportunity for Women in the Workplace Agency ('EOWA'), organisations with paid maternity leave have a higher average retention rate (67%) than organisations without paid maternity (56%)³.

The following leading employers and DCA members provide ample evidence of the business benefits of paid maternity leave. **Their experiences demonstrate tangible, real benefits are generated from family-friendly initiatives and flexible work practices.** The maternity leave return rate averaged across these organisations stands at just under 89%.

ANZ

ANZ's return to work rate has increased from 78% in 2005 to 83% in 2007.

Paid maternity leave together with flexible work practices has helped increase women's workforce participation at ANZ (58% of our 35,000-plus workforce is female) and enabled the organisation to attract and retain talented people.

ANZ recognises that integrated policies and practices are key to delivering effective parental leave transitions.

ANZ currently offers Australian staff 12 weeks paid parental leave, with no minimum service period to qualify. Paid parental leave was first introduced in 1996 with six weeks payment, increasing to 12 weeks paid leave in 2004.

ANZ's 12 weeks paid parental leave can be taken as either:

- Lump sum of 12 weeks pay at the beginning of parental leave
- Normal pay for the first twelve weeks of leave
- Half pay for the first 24 weeks of leave.

A range of effective policies and practices have been introduced to support employees pre-, during and post-parental leave. These include:

² Productivity Commission, Workforce Participation Rates - How Does Australia Compare?, Staff Working Paper January 2007, see: <http://www.pc.gov.au/research/staffworkingpaper/workforceparticipation>

³ Equal Opportunity for Women in the Workplace Agency (EOWA) Paid Maternity Leave Fact Sheet 2004 http://www.eowa.gov.au/Developing_a_Workplace_Program/Employment_Matter_Resources/EM_5_Resources/Paid_Parental_Leave/EOWA_FactSheet_PML_2005.pdf

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- Right to request an extension of unpaid parental leave up to a maximum of two years (currently capped at 52 weeks)
 - Pre-natal appointment leave
 - Leave to attend interviews or examinations as part of the adoption process
 - Mother's and father's baby bags which include internal and external information and product samples to support new parents
 - Right to request a return to work on a part-time basis until a child's fifth birthday
 - Childcare support and assistance through ABC Learning Centre partnership and Work Life Links care advisory service
 - Stay in touch network for employees on parental leave and a Working Parent's networking group
 - Nursing Mother's rooms accredited by the Australian Breastfeeding Association
 - School holiday program support for children aged 5-12 years
 - Flexible work arrangements.

ANZ's *My Flexibility* initiative encourages employees and their managers to explore how flexible working arrangements can help people achieve their personal and career goals, while ensuring team and business needs continue to be met. It provides policies, tools and support services to make the rollout of flexible work easier and ensures that flexibility is for everyone.

There are many different ways to achieve flexibility at ANZ. Examples of flexible policies and practices which support work and family life include:

- Part-time employment
- Part-time work - child care
- Job sharing
- Lifestyle leave
- Leave without pay
- Career break
- Carer's leave
- Flexible work arrangements, including roaming work (telecommuting), flexible time, and flexible hours.

Internal research shows that as at November 2007, 51% of all employees accessed some form of flexible work in the 12 months prior and 30% of employees accessed Daily Flexible Time, which is the most popular flexible work option amongst all employees.

Australian Securities Exchange (ASX)

ASX's return to work rate has increased from 77% in 2007 to 83% in 2008. ASX now offers up to 12 weeks paid parental leave: six weeks paid parental leave, with the option of up to an additional six weeks leave as an additional entitlement. Here, staff have access to one week paid leave for every year of service (pro-rata-ed for incomplete years of service), up to an additional six weeks. Therefore staff can access up to 12 weeks paid parental leave. In addition, a secondary care giver is able to access two week's paid leave.

ASX supports graduated return to work from parental leave, and since 2005, ASX has consistently seen around 80% of primary carers returning from parental leave utilising a graduated return to work arrangement.

Other initiatives include:

- Working from home arrangements.
- Part-time and job-share arrangements.
- Families at Work – a referral service for dependant care which provides information and assistance to staff members in locating child care or other dependent care.
- Staff Discounts Program – ASX introduced a staff benefits program in April 2008. This program allows staff to access discounts for shopping, home care services, theme parks, financial services, travel and accommodation etc.
- Employee Assistance Program (EAP). The EAP program is designed to assist staff who are experiencing problems which may affect performance, and will assist employees to deal with, resolve and avoid such problems. This service is completely confidential, and can be accessed through a toll-free number, and up to six sessions are fully funded by ASX.
- Paid Volunteer Leave – staff are able to utilise one day of volunteering leave per calendar year, either as a whole day or two half-days. This assists employees pursuing work in a community or charitable organisation.
- Flu vaccinations – all ASX staff are offered a flu vaccination on an annual basis, at no cost to the employee.
- Salary continuance insurance – ASX provides salary continuance insurance for all ASX staff. This assists staff members during periods of extended absence due to illness or accident including permanent and total incapacity. All permanent staff working greater than 15 hours per week are provided with salary continuance insurance, at no cost to the employee.

Goldman Sachs JBWere

Goldman Sachs JBWere provides 16 weeks paid leave with flexible payment options i.e. half pay options if desired. The organisation has a keeping in touch program and a Working Parents Network. Team members may also attend a Parental Leave Seminar via an external provider which assists them to prepare to leave and return to the workplace after a period of parental leave.

Goldman Sachs JBWere also has a Flexibility Policy, which outlines the organisation's support for flexible working arrangements and commitment to providing a work environment in which employees can achieve a balance between their work and outside interests. Flexible work arrangements may include:

- Part time work – working less than five days each week (but generally working at least three days each week)
- Flexible hours – arriving and leaving work at non-standard times on a regular basis
- Job sharing – two people, each working part-time, sharing one full-time position; job sharers are generally required to be in the office from Monday to Friday (between the two people)
- Working from home – regularly working away from the firm's offices (i.e. one day at home per week)

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- Leave variations – i.e. purchased leave and leave without pay.

Other family-friendly flexibility arrangements include:

- Childcare referral service
- Elder care referral service
- Sponsored school holiday care via Camp Australia in most major locations
- Access to a Working Parents Network in Sydney and Melbourne and the opportunity to attend a training seminar specifically designed to assist team members to prepare to go on and return from parental leave
- A nursing mothers' room in major locations (Sydney and Melbourne).

Goldman Sachs JBWere's Talent and Diversity Council is sponsoring a working party that has been formed specifically to address ways in which the organisation can develop a truly flexible working environment and increase the uptake of flexible working options in all parts of the business, particularly the revenue generating areas.

Lend Lease

Lend Lease' return to work rate is 87% in 2007, up from 69% in 2006. Paid parental leave was first introduced in July 2004. The policy allowed 14 weeks paid leave and was offered for all types of parental leave including maternity, paternity and adoption and was gender neutral. An employee had to be employed for 24 months before being eligible for the paid leave. Those with 12-24 months service were eligible for a six week payment.

Further refinements to the policy were introduced in 2007 and in April 2008, the policy was amended to provide 14 weeks to all employees after 12 months of service. Lend Lease expects this to impact the number of employees taking leave over the 2008/2009 period.

McDonald's Australia Limited

The return to work rate for McDonald's Australia Limited has increased from 59% in 2002 to 96% in 2007. McDonald's now offers eight weeks paid parental leave.

The effectiveness of McDonald's strategies is further illustrated in their statistics for part-time return to work and women in management:

- In 2007, 69% of employees who returned to work from parental leave in 2007 returned in a part-time capacity.
- Compared to 31% of female employees in management positions in the industry sector, McDonald's boasts 49.7% of female managers.

Paid Parental Leave was introduced in 1999 and is available to the primary care-giver (maternity, paternity or adoption leave). Employees are eligible for eight weeks paid leave after 12 months continuous full-time service (or part-time equivalent).

Employees are entitled to be paid four weeks upon commencement of the leave and four weeks upon return to work.

McDonald's has a suite of other family friendly initiatives including:

- McDonald's Australia's 'Parental Leave Policy' outlines for both managers and employees their obligations in relation to expectant and new mothers, including the varying of work practices and/or hours to protect the health and welfare of expectant mothers and their un-born children and the need for managers to consult with employees throughout any pregnancy.

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- McDonald's 'Work Life, Family Policy' provides for employees who may have carer responsibilities allowing employees to apply to work on a part-time basis, job-share or work from home.
 - McDonald's offers employees access to Australia's most comprehensive On-Line Directory and Search service for childcare. CareforKids.com.au is designed to help employees find the right care for their families. The service allows employees to search for all kinds of care including childcare centres, babysitters, nannies and before and after school care.
 - Additionally, McDonald's has introduced a discount scheme with a childcare provider within 1km of head office. This was an outcome of a 'Child Care Needs Analysis' undertaken by McDonald's with the aim of easing the burden on employees choosing to work whilst juggling external commitments.
 - 'McDonald's Childcare Information Booklet' and free expert telephone referral and advisory line are services available to eligible employees seeking assistance in the selection of appropriate childcare to suit individual circumstances. The services provide information and assistance on a full range of issues related to childcare for working parents.
 - The McDonald's Assistance Program (MAP) is a professional, confidential counselling service available to assist employees solve personal problems which may affect their work or home life. Up to five counselling sessions are provided free of charge.
 - Each McDonald's location has a designated breastfeeding room for those mothers wishing to do so whilst on the premises. McDonald's head office also provides a breastfeeding facility – a clean, private, lockable room which has ready access to refrigerator.
 - McDonald's has introduced a series of other benefits that can be accessed without leaving the office, such as car washing, dry cleaning, podiatry appointments and massage. Such benefits recognise the needs of employees who do not work in the restaurant environment and as such are unable to work flexible shift patterns.
 - To further enhance the work-life balance of all employees, and particularly those with carer responsibilities, McDonald's Australia has launched Summer Working Hours and a Fifth Week of Annual Leave:
 - Summer Working Hours allow employees to either commence work 30 minutes early or end 30 minutes later Monday to Thursday, to then finish at 1pm on a Friday. The initiative runs from November to the end of January. This practice allows employees to take greater advantage of the longer periods of daylight during summer to spend time with families, or indulge in leisure pursuits.
 - The Fifth Week leave policy allows employees who schedule their full leave entitlement each year to take a fifth week of paid leave in the same year. This policy provides an incentive for employees to access their full entitlement of annual leave in a given year ensuring they remain sufficiently rested throughout the year, as well as providing further time away from the workplace to revitalise.

McDonald's has experienced a strong level of commitment and engagement from employees to achieve organisational goals.

National Australia Bank

National Australia Bank's return to work rate has increased to 84% (March 08) up from 60% in 2006. The NAB now offers 12 weeks paid maternity leave (an increase from six weeks).

The NAB 12 weeks paid maternity leave provides real choice for employees and can be taken as:

- A lump sum;
- In fortnightly pay for 12 weeks; or
- At half pay for 24 weeks.

NAB also introduced:

- Two weeks paid secondary carer's leave which must be used in either one or two week blocks within the first four weeks of birth.
- Paid leave for employees and their partners to attend medical appointments during their pregnancy.
- The ability for employees to extend their unpaid parental leave until the child turns two.

NAB also has extensive flexible work options including part-time, job share / split, compressed working weeks and pay averaging (48/52).

Rio Tinto

Rio Tinto provides 12 weeks paid parental leave for the primary carer, eight weeks at the commencement of parental leave and four weeks upon return from parental leave. There is no minimum period that an employee has to remain employed post return to work to be eligible for this payment. The employee can choose how they would like their eight weeks upfront paid, either normal payroll cycle, lump sum on commencement of leave, or 1/2 pay over four months.

Rio Tinto also provides one week paid parental leave for the secondary carer. Where an employee who is initially the secondary carer is to become the primary carer for the child, they may apply for unpaid parental leave which extends up to the child's first birthday. The employee may also request an extension of unpaid leave until the child's second birthday on the basis that they are to remain the primary carer for the child.

Employees may request to extend unpaid parental leave from 12 months to 24 months. There is no requirement for employees to be employed for 12 months; eligibility for parental leave is immediate. Adoption parents (both primary and secondary carers) are eligible for paid leave. Pre-adoption leave provides an additional two days leave. Employees can request to return part-time.

Returning to work after parental leave can be a major transition for an employee and their family, one which requires careful planning to achieve a balance between work and family obligations. Rio Tinto employees can discuss and request the option for flexible working arrangements with their line manager to assist balancing work and family responsibilities. The Flexible Work Arrangements Policy encapsulates Rio Tinto's diverse and flexible approach to flexible working arrangements and reinforces Rio Tinto's commitment to the retention of talented and experienced employees. The flexible work arrangement options comprise part-time employment, job sharing, home based work and flexible hours.

Guidelines are available to assist managers with requests for flexible work arrangements. This includes a guide to common flexible workplace arrangements, a guide to assessing appropriateness in various situations and a guide to implement

various arrangements. Rio Tinto recognises that to encourage a diverse and capable workforce, it is important to continue to adopt flexible working arrangements.

Shell

Shell's return to work rate stands at 94% (and is customarily between 92% and 100%). Shell provides 12 weeks paid parental leave.

The effectiveness of Shell's strategies is further illustrated in their statistics for part-time return to work, part-time work, and women in management:

- 55% of women who returned from parental leave returned to part-time positions.
- 20% of women at Shell work part-time, up from 16% in the 2005-2006 period.
- While women represent only 27% of the workforce, promotions for women have increased to 44% of all promotions in the 2006-2007 reporting period, up from 41% in 2005-2006. 11% of women promoted were part-time workers.

Shell provides the following:

- 12 weeks paid parental leave for the mother of the child, including adopted child.
- Half pay for twice the period. This was introduced as a result of staff feedback and has been well received. Employees receive payments over a longer period of time; at half the pay i.e. 12 weeks becomes 24 weeks at half pay. This applies to paid parental leave, annual leave and long service leave taken.
- An additional 52 weeks leave can be taken to extend the period to two years. Employees can access this 52 weeks unpaid leave for other family or personal reasons over and above the birth or adoption of a new baby.
- Employees on parental leave with more than five years continuous service with Shell can access their accrued long service leave whilst on parental leave.

Shell has a well-entrenched flexible working policy that has been in place for over three years. For employees, this can mean one or more of the following options:

- Part time work
- Job share
- Flexing start and finish times
- Working from home or another location on an ad-hoc basis or regular arrangement
- Unpaid leave options
- Technology to support flexible working
 - Shell have a strong culture of using “telecons” for meetings, which allows employees working from home or another location to dial into a meeting, reducing the need to be in the office or same physical location. All employees have their own telecon service if they need it to facilitate remote working. Guidelines for effective meetings over telecons have also been established.
 - “Webcasts” and “Netmeeting” are used for sharing documentation on-line, further allowing for employees working out of the office to participate in meetings. Use of such tools also reduces the need for employees to travel and be away from home, for face-to-face meetings either in Australia or overseas. Regular training is provided on how to effectively utilise these programs.

The company provides broadband to all employees who work from home more than they work in the office.

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- Business travel allowance
 - Monetary compensation is provided to employees who do regular and excessive travel to compensate for the disruption to home life that this may cause. This is in addition to providing time off in lieu for those who travel outside of their work pattern.

The Cancer Council Queensland

The Cancer Council Queensland offers 6-12 weeks paid family (maternity, paternity or adoption) leave for eligible staff, with the option to take leave at half pay.

Employees are eligible for six weeks paid leave after 12 months service, eight weeks after 24 months and 12 weeks after three or more years.

Other initiatives include:

- Up to two years of unpaid family (maternity, paternity or adoption) leave for the primary care giver.
- Flexible use of long-service leave for employees on family leave.
- Additional leave options available, such as cultural and community service leave.
- Flexible start and finish times.
- Part-time and job-share arrangements.
- Working from home provisions.
- Free access to child care and aged care referral services, as well as discounted leisure products and services.
- Salary packaging and free financial planning/wealth creation seminars.

The outcomes for the organisation from these initiatives have been:

- Since the introduction of paid family leave in 2006, sixteen staff have accessed paid family leave and only one staff member has not returned to work, a 94% return to work rate. This compares to 60% in May 2005.
- Strong level of commitment and engagement from employees to achieve organisational goals.
- Attraction and retention of quality staff and increased staff referrals.

The outcomes for employees from these initiatives have been:

- Ability to manage work and family responsibilities with 85% employees happy with their work-life balance.
- High job satisfaction and engagement with 88% organisational commitment and 90% job satisfaction.
- There has been an increase in part-time positions across the organisation from 7% in 2004 to 21% in 2008.
- In all cases where part-time work was requested, it was approved.

4. BUSINESS IS UNFAIRLY SHOULDERING THE BURDEN

- Leading employers have been providing paid maternity leave for some time but in doing so are unfairly shouldering the burden of the cost.

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- Government has a role in providing a safety net for those businesses that cannot afford the cost of paid parental leave.
 - Small to medium sized business could struggle to provide paid leave.

5. UNEQUAL ACCESS DISADVANTAGES MANY WOMEN

- Only around one-third of mothers who were employed in the period leading up to the birth have access to some form of paid maternity leave⁴.
- Mothers working in the public sector, in very large workplaces (>500 employees) and earning high salaries were more likely to use paid maternity leave, while those working part-time, or on casual or fixed-term contracts were considerably less likely to utilize this form of leave.⁵
- Most working women are entitled to a year's unpaid maternity leave, but paid maternity leave has always been at the discretion of the employer.

⁴ Whitehouse, G., M. Baird and C. Diamond (2006) Highlights from The Parental Leave in Australia Survey, December 2006 see: <http://www.polsis.uq.edu.au/index.html?page=55767>

⁵ Whitehouse, G., M. Baird and C. Diamond (2006) as above