



Inquiry into paid maternity, paternity and parental leave

Submission by AMP Limited

August 2008

Inquiry into paid maternity, paternity and parental leave

1. Background

AMP was one of Australia's first private sector employers to provide paid parental leave (including maternity, paternity and adoption leave) which has been available to all eligible employees since 1995.

Our philosophy for providing this benefit has always been to assist employees to balance their work and other responsibilities (in particular dependent care responsibilities) and to provide the benefit at a time when employees have the additional costs associated with having a child.

In July 1997 AMP increased the period of Paid Parental Leave from 6 weeks to 14 weeks for eligible employees, payable in full from the time of commencement of Parental Leave. We also provided the option of taking up to 28 weeks at half pay (see **Table 1** in the Appendix).

This increase to parental leave entitlements was designed to demonstrate AMP's continuing commitment to giving employees flexibility in how they manage their work and family time. It contributes further to the range of dependent care benefits offered by AMP as an important part of our employee proposition. These benefits include flexible work options, access to childcare places (including a dedicated child care centre in Sydney), carer's rooms in our Sydney and Parramatta offices and paid family and emergency leave.

AMP's approach to both Paid Parental Leave and flexible work options continues to be highly valued by employees and delivers value to the business in the attraction and retention of talented employees which is a critical business issue given current demographic trends in the workforce.

In our submission, we have focused on our approach to working fathers' as we understand that this is an area where AMP is able to provide unique insights and experience, having extended our Paid Parental Leave to working fathers since 1995.

2. How employees are utilising paid parental leave at AMP

In the 12 months since AMP increased Paid Parental Leave from 6 to 14 weeks, there has been increased utilization and changes to the way employees use Paid Parental Leave. This indicates a desire by AMP's employees (and we expect employees generally) for greater flexibility in the options employers provide to assist with family responsibilities.

Since the introduction of the new entitlement, there has been a 43% increase in the total number of employees taking Paid Parental Leave. Females make up the bulk of this increase, with a 56% gain relative to the year before, compared to an increase of 24% in the number of males taking Paid Parental Leave (**Table 2**).

2.1 Average number of days leave

There has been a growth of 106% in the average number of days Paid Parental Leave females are taking since we introduced 14 weeks leave in July 2007.

The average number of days taken by males has also increased, but at the more modest rate of 36% (**Table 3**). This is because not all males are taking the full 14 weeks paid parental leave available to them, though we believe that utilization by males will continue to increase over time.

These results clearly demonstrate that the more generous arrangements in relation to Paid Parental Leave have been well utilized by employees at AMP.

2.2 Full pay vs half pay

Included in the change to 14 weeks paid parental leave was a new option for employees take up to 28 weeks at half pay as an alternative to 14 weeks at full pay. This option has been more popular with female employees with 57 females electing to receive 28 weeks leave paid at half pay, compared to only 1 male (**Table 4**).

2.3 Single block vs multiple periods

Employees eligible for paid parental leave may, with agreement from their manager, take the leave over multiple periods of time, rather than one single block.

Taking Paid Parental Leave over multiple periods of time has always been more popular with males than females. After the increase to 14 weeks, the proportion of males using Paid Parental Leave over multiple periods of times has increased from 21% to 33% from the year before (**Table 5**).

Of the 33% of males taking Paid Parental Leave over multiple periods, half were taking it in two periods, which we anticipate is typically at the time of the birth of the child or the child coming home and then again towards the end of the 52 week period; another quarter have taken it between 2 and 9 periods and the remaining quarter have taken it about a day a week over 6 to 12 months.

In focus groups a number of male employees stated that they value the ability to use their Paid Parental Leave towards the end of the 52 week period as it allows them to:

- Support their spouse return to work;
- Help their child transition to different care arrangements; and
- Reduce childcare costs during this period.

2.4 Return to work rates

Return to work rates are an important 'value' indicator. The return to work rate has increased for employees taking Paid Parental Leave. In 2006 (calendar year) the return to work rate was 73%. In 2007 calendar year, the rate increased to 85%.

3. Employee Feedback

We have received very positive employee feedback on our Paid Parental Leave benefit and broader flexible work offerings, most recently in March 2008 as a part of an AMP Pay & Benefits survey. The feedback confirms the high value that current and prospective employees place on these benefits and therefore the return on investment that the business receives from these policies. Below are some relevant examples of employee feedback:-

"My decision to join AMP resulted from knowing that these benefits existed, in particular regarding paid parental leave".

"I think the new paid parental leave entitlements are a significant step forward for AMP – particularly as you can take it as half pay. I haven't needed to use the other services yet, but value that they are there".

"All of these items are key to AMP keeping me as an employee, with me and my wife planning to start a family in the next 12 to 18 months".

"AMP has a great work/life balance environment, which is supported by the project team that I work for. These benefits assist those employees with families and it is one of the reason that I joined this company".

4. Conclusion

In summary:

The changes to our Paid Parental Leave benefits have been well utilized by both male and female employees. In particular, utilization of paid parental leave by fathers' has increased because of the flexible way in which employees can take the leave;

From an employer perspective the value of the increased investment in parental leave has been realized in increased return to work rates. The changes are aligned to our employee proposition and have enhanced AMP's reputation as a good employer; and

From an employee perspective we know that new and existing employees highly value the availability of the benefits, whether or not they have an immediate personal need to use these benefits.

Appendix

Table 1 - AMP's parental leave policy

Type of leave	Entitlement conditions	Who can take it	Length of leave	Rate of pay
Unpaid parental leave	Permanent employees with 12 months continuous service	Primary care giver	Up to a maximum of 52 weeks	Unpaid
Paid parental leave	Permanent employees with 12 months continuous service	Primary care giver (incl. 1 week co-parenting leave at time of child's birth or coming home)	14 weeks	Full pay for 14 weeks or half pay over 28 weeks

The combined maximum period of paid and unpaid parental leave is 52 weeks

Table 2 - Overall utilisation of paid parental leave

	06 / 07	07/ 08	% Increase
Females - number taking PPL	99	154	56%
Males - number taking PPL	63	78	24%
TOTAL	162	232	43%

Table 3 - Average number of days leave

	06 / 07	07/ 08	% Increase
Females – average PPL days taken	30	62	106%
Males – average PPL days	11	15	36%

Table 4 – Number of employees taking full pay vs half pay

	06 / 07	07/ 08
Females taking half pay	----	57
Males taking half pay	----	1

Table 5 – Number of employees using single blocks vs multiple periods of leave

	06 / 07		07/ 08	
	Number	% of total	Number	% of total
Females - using PPL over multiple periods	3	3%	9	6%
Males - using PPL over multiple periods	13	21%	26	33%