

# **Australian Education Union (SA Branch)**



## **Submission to Productivity Commission**

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

#### **Introduction**

The South Australian Branch of the Australian Education Union has a total membership of almost 14,000 educators who work within public pre-schools, schools and TAFE institutes. Our membership consists of teachers, principles, pre-school directors, TAFE lecturers, early childhood workers, Aboriginal Education workers, school support officers and swimming and aquatic instructors.

The Australian Education Union – SA Branch represents its members in industrial tribunals both industrially and professionally in order to maintain industrial protections through our industrial awards and agreements. This usually requires research, negotiation and advocacy over a wide range of matters including salaries and teaching and learning conditions.

More recent Enterprise Negotiations have also resulted in the SA Branch of the Australian Education Union bargaining to maintain conditions and funding for schools and students. The South Australian Governments proposed changes to the funding and staffing formulas for our schools are going to have a direct impact not only on our members but on students and the overall capacity of the schools to deliver appropriate and high quality learning programs. While we are concerned for the rights and conditions of our members we also feel that we have an obligation to protect the rights of the students within our schools.

Given that more than two thirds of our membership are women (9,839) and a sixth of our members are women under the age of 40, we have a very relevant interest in the outcome of an inquiry into a nationally paid maternity, paternity and parenting leave scheme. We also have a particular interest in this proposed scheme given that the ratio of non-permanent education workers in South Australia continues to increase. The majority of these casual and contract employees tend to be women in the lowest paid positions. Many of our members are contract and casual employees with the Department of Education and Children's Services (DECS) in South Australia. These employees currently receive no form of paid maternity, paternity or parenting leave.

The Australian Education Union – SA Branch (AEU-SA Branch) are generally very supportive of the recommendations which have been proposed in the draft report from the inquiry into a National Paid Maternity, Paternity and Parental Leave scheme. We are pleased to see that the Government is taking the communal, social and industrial benefits and the



collective public opinion on a paid national scheme seriously and is genuinely considering implementing a National scheme.

We fully support most of the recommendations from the productivity commission's inquiry into a Paid Maternity, Paternity and Parental Leave Scheme. We feel that the Commission has managed to capture the perceived public opinion for such a scheme and project it into a workable and not too publically expensive proposal. There are many aspects of the proposed model which are very creative and innovative and provide a huge step towards bringing Australia into the 21<sup>st</sup> Century.

### **Positive Recommendations Contained in the Proposed Paid Maternity, Paternity and Parental Leave National Scheme**

The AEU – SA Branch have read the Productivity Commissions report. We consider that there are many exciting recommendations which will assist Australia to begin working towards the average international standards of Government funded paid maternity, paternity and parental leave. There are several recommendations in particular which we fully support including:

- 18 weeks Government funded paid maternity leave
- 2 weeks Government funded paid paternity leave
- All allowances apply to adoption of a child of any age
- All allowances are paid regardless of original income
- All allowances are paid regardless of employment status – including casual, part-time, contract
- Government entitlement can be split between primary carers
- Paid paternity leave can be paid concurrently with paid maternity leave
- This is not to be a welfare system but rather it is to be paid through employer PAYE system

A recommendation of 18 weeks Government funded paid maternity leave at the Federal Minimum Wage is a very positive development for Australia, which currently lags behind many other countries in the world, including some third world countries. It is encouraging to see that the proposed allowances also apply to adoption of a child of any age.

The AEU consider that the commission has been very thorough in the development of this National Scheme and have considered all possible scenarios. It is pleasing to note that women who have multiple births will be supplemented by also receiving the baby bonus for each additional child and that all family types will qualify including same sex.

The AEU appreciate that the proposed Paid Maternity, Paternity and Parental Leave Scheme as recommended by the Productivity Commission is complex and appears costly. It is believed however that beyond current costs to Government due to the baby bonus and welfare payments, this total added cost will be quite minor.



The Productivity Commission has clearly detailed the overall costs to Government for a nationally funded Paid Maternity, Paternity and Parental Leave Scheme. The current Government funded baby bonus scheme already provides over nine weeks of paid parental leave at the Federal Minimum Wage (FMW). Taxation and welfare costs to the Government currently provide almost a further four weeks of paid leave at the FMW. The only additional cash cost to Government is equivalent to just over five weeks of paid parental leave at the FMW.

While the estimated total cost of this scheme to Government is approximately \$1,397 million; the Government would save a combined \$977m on the baby bonus payments and tax and other welfare savings. This will result in a net Government contribution of \$452m.

These calculations are only based on the provision of the 18 weeks of paid maternity and parental leave and the two weeks of paid paternity leave. The long term Government and business savings would see both the Government and industry net costs reduce substantially as a result of:

- Increased participation of women in the workforce
- Improved health outcomes for Australian children and families
- Improved connection to the workforce for women on maternity leave
- Improved gender equality
- Improved financial stability for Australian families
- Improved retention of a skilled and trained workforce
- A reduction in the number of women who rely on social security payments
- Increased fertility rates

### **AEU Recommendations for further consideration by the Productivity Commission**

While the AEU is generally pleased with the overall recommendations made in the Productivity Commissions Report, there are still several areas of concern which will have a direct impact on our members who are predominately women. It is vital that the Government get any proposed national scheme right in order to gain maximum benefit for both the families of Australia and the future of our businesses and industries. A scheme which is effective and manageable is crucial to the success of this proposal. Many women and working families will potentially benefit from the introduction of a national Paid Maternity, Paternity and Parental Leave Scheme. We must also remember that both employees and those who are self employed are all able to access and benefit from such a scheme.

We assert that the following seven (7) areas of concern need full consideration in any future development of a national scheme and could potentially enhance the effectiveness and credibility of such a scheme within the public and business.



**1. Entitlement should be at full income replacement**

- Employers should also contribute to a national paid maternity, paternity and parental scheme
- The expectation that employees will bargain for full income top up from the employer will disadvantage women who are often unable to bargain

**2. Remove the six month limit**

- Current recommendation results in any Government paid scheme cutting off after a total of 26 weeks once combined with any employer funded scheme.
- Allow families to access the additional entitlements fully regardless of their other entitlements.
- Allow families to spread the entitlement over the maximum two year unpaid period.
- Do not restrict employee's seeking additional entitlements through bargaining processes.
- Commit to eventually extending the scheme to six months full income replacement.

**3. Employer contributions**

- The employer should be topping up the scheme to full income replacement given that the employer will benefit greatly from the positive outcomes of such a scheme (as mentioned above).
- Employer needs to make contributions on full super entitlements not based on the FMW.

**4. Leave at half pay**

- Employee should be given the option to take the Government paid maternity, paternity and parental leave at half pay.

**5. No restrictions on when leave is taken**

- Employee can begin the leave when it is needed rather than waiting until after the birth.

**6. Entitlements administered via NES**

- Any new scheme needs to be administered under the National Employment Standards to ensure continuity of entitlements and accrued benefits.

**7. Access to FWA re: disputes**

- Employees should have access to Fair Work Australia if the need arises.



- Members of the new Fair Work Australia can be involved to resolve any issues or claims by employees in regard to the Paid Maternity, Paternity and Parental Leave Scheme and the associated Employer Superannuation contributions.

The AEU believe that any form of paid maternity, paternity and parental leave has the effect of producing a greater sense of workforce loyalty and attachment than when an employee has unpaid leave. Research indicates that an employer's ability to retain women following a period of maternity leave dramatically increases when the leave is paid.

The AEU asserts that the Government has an obligation and a prime opportunity at present to introduce a universal paid maternity leave scheme which will provide stability for working families and improve the overall productivity of Australian businesses.

Finally, the AEU believe that the introduction of a paid maternity leave scheme is also a prime opportunity for Government to begin addressing the issues identified through the recent inquiry into *'Pay Equity and Associated Issues related to Increasing Female Participation in the Workforce'*. Many of the common issues involved in the participation of women in the workforce are related to family and care responsibilities and ultimately have a significant effect on financial and professional outcomes for women.

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