

SUBMISSION TO THE PRODUCTIVITY COMMISSION'S DRAFT REPORT: INQUIRY into MATERNITY, PATERNITY AND PAID PARENTAL LEAVE

The National Council of Women of Australia Inc Limited has represented women and families in Australia for more than one hundred years and is affiliated with the International Council of Women. It is the coordinating body of seven State and Territory Councils, to which are affiliated over 500 women's organisations and nearly one thousand individual associate members. Thus NCWA has the ability to consult and communicate with more than three million women throughout Australia. It is non-party political and non-sectarian.

The NCWA maintains active consultation and communication between its Councils and its Standing Committees (which exist at international, national and State levels). Being concerned about the welfare and status of women and their families, NCWA is actively involved in discussions about employment by and of women as well as in the areas of health, child and family, human rights and economics which are particularly relevant in this consideration of paid parental leave. Our members include those employed in small and large businesses, both public and private, those who work part-time, are self-employed and who work voluntarily in NGOs.

It is important to understand what the Productivity Commission is proposing in its Draft Report and its objectives, the prime one being the health and wellbeing of the child and mother. We recognize the importance of the lifetime perspective of employment and the "sort of society we would like to live in" with a balance of work and family and gender equity.

These are difficult financial times but that must not be an excuse for this paid maternal, paternal and parental leave scheme to be side-lined. Our community has waited too long for Australia to catch up with the other OECD countries in recognising that people need to be able to combine their work and family. We note that other OECD countries which give 18 weeks paid leave are U.K., Denmark and Ireland; Hungary gives 24 weeks, Norway gives 52 weeks and Sweden has full parental leave until the child is 18 months. The health and welfare of mother and baby is paramount and their bonding during the first weeks of life can only happen by being together. Thus we emphasise the importance of maternal leave in preference to other forms of "main carer" leave.

Demographically, socially and financially Australia does need more babies, children and young people both now and certainly in the future. Children enrich a community and it is impossible to envisage a society with few young people in it. But the issue of increasing the birth rate does not lie solely in the realm of paid parental leave and it is inadvisable to

bracket this automatically together with the choice of women to have a family. We should ask if Government funding to families is well-directed and where it needs to be targeted to assist in the first few months of life. With the various benefits available for those in financial need, and access to free education and health care **all but those first months** are covered. This is surely a strange priority for a nation which currently has over 60% of its population over 50 - whereas Iran has over 60% of its population under 25 years of age.

The current global financial crisis must not be used as a constraint on the introduction of a National Scheme of paid maternity/paternity/parental leave. Although not part of a national strategy to overcome the economic crisis, this scheme should be considered in light of current government proposals. Let us look at an instant comparison:

In 2007 about 285,000 babies were born - 175,000 mothers were in paid employment prior to birth and 109,000 mothers were not in paid employment. Total cost per annum estimated to be \$ 527m of which government contribution would be \$452m, business contribution \$74m. (Productivity Commission's figures). This would possibly amount to \$5,876m paid by taxpayers over the next 13 years to assist 2,275m mothers and more babies.

Government will invest \$3,400m (\$3.4 billion) as part of a \$6,200m package over the next 13 years in the Automotive Transformation Scheme to help the car industry which employs 60,000 people (200,000 indirectly) stay viable.

The fact sheet about the implications for employers allays some of the misgivings that women owners of small businesses had with the assurance that the scheme is government-funded and has acceptable employment tests – paid parental leave being payable to employees who have been continuously employed (whether with one or more employers) for an average of ten hours or more per week over the 12 months prior to the expected date of birth of the child. It will be available to all who meet this employment test, including fulltime, part-time and casual employees, the self-employed and contractors. It will be payable at the level of the minimum wage of \$544 per week with 18 weeks of paid maternal leave plus two weeks of paid paternity leave.

Many of our members attended the consultations conducted by the Commission in the different states and on the whole NCWA endorses the main thrust of the report.

The Productivity Commission has asked for feedback on some specific areas and NCWA briefly makes the following comments:

1. NCWA believes that the health and welfare of the mother and baby necessitates such provisions as recommended by the Productivity Commission in its Draft Report. It is of utmost importance that from the first days of its life the baby has maternal support and that the mother has opportunity to recover, bond with her baby and enjoy the wonder of new life.

2. Quick reimbursement by the Government of the monies paid is important especially for small businesses. The effectiveness of the process of credit to “pay as you go” withholding payments to the ATO should be monitored to ensure that the role of paymaster is not a burden to the employer.
3. The paid maternity/paternity/parental leave allowance should be taxable as income.
4. Women not in the paid workforce will be eligible for a non-taxable “maternity bonus” of \$5,000 which replaces the baby bonus. NCWA recommends that this be paid in two instalments, the second being 8 weeks after the birth.
5. Entitlements of sick, recreation and long service leave could be accrued so that when the parent returns to work it may be possible to work 4 days, using that leave entitlement for the fifth day if the employer allows.
6. NCWA agrees that an employer of choice should be able to pay over the government-funded payment.
7. Juniors should get the equivalent of the junior minimum wage and this may need to be monitored over twelve months.
8. NCWA suggests the inclusion of a “job return guarantee” for women taking maternal leave.
9. NCWA sees a need for further clarification of self-employment (including farming).
10. There is a need for further clarification of superannuation contributions. The use of the word ‘capped’ with reference to superannuation is a concern because there are employers and institutions already paying a higher level super contribution. There should be a ‘no disadvantage’ principle at work here.
11. NCWA sees the necessity of clear information that clarifies all aspects of the Scheme, especially with regard to existing entitlements.
12. NGOs could find themselves vulnerable to the extent of factoring in some further financial support from Government to meet their obligations under the National Scheme.
13. The issue about drawing half pay over a longer period needs to be reviewed later.
14. Special consideration needs to be given to women on 457 visas who may not meet the requirements to be eligible for paid parental leave.
15. More affordable child care across the broader community, with work-based flexibility to meet the unexpected parental demands when sickness occurs.

NCWA congratulates the Productivity Commission on its Draft Report and urges that the National Paid Maternity, Paternity and Parental Leave Scheme be introduced in the first budget possible. Paid parental leave cannot stand alone and it should not be the only response to the complex issue of valuing parents and families. As Professor Fiona Stanley emphasizes, children are our most precious resource. Paid parental leave is crucial as a beginning.

