

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

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*"This is a very important issue for women in particular and it is definitely a vital opportunity that we must seize, especially if it is going to benefit and assist parents on low incomes who are most in need and are also most at risk of losing their jobs if there is not a national paid parental leave scheme in place that supports workplace attachment."*

Angela Hartwig, Chair WANWA

## **Introduction**

The introduction of a federally funded paid parental leave scheme is strongly supported as an important factor in augmenting child and maternal health in our community and as a strategy to enhance ongoing workforce engagement and participation of women of child bearing age.

This submission responds to the Productivity Commission's draft inquiry report, *Paid Parental Leave: Support for Parents with Newborn Children*. It contains the views of a diverse range of women in Western Australia including members and their constituents of the Women's Advisory Network of Western Australia and the Indigenous Women's Congress (~half a million women). It also raises issues discussed at the consultation forum held in Perth on 23 October 2008, facilitated by Marie Coleman from the National Foundation for Australian Women (NFAW), which involved participants from community, government and business sectors. The submission has been prepared by the Western Australian Office for Women's Policy, Department for Communities and is guided by the suggested feedback structure of the NFAW. A submission was made to the inquiry's initial call for submissions from both the former Minister for Women's Interests and the Government of Western Australia, to which the Office for Women's Policy, Department for Communities contributed.

Paid maternity leave is acknowledged as an important component in a range of public policy measures that support both child and maternal health and workforce attachment. Other measures such as quality childcare, flexible workplace conditions, employment opportunities, housing, pay equity, education and a sense of being connected to family, friends and support networks also contribute and enable women the capacity for control and choice in these important areas of their lives. These factors impact differentially on different groups of women, in particular Indigenous women who experience lower levels of employment and educational attainment, have less access to good quality childcare and affordable housing.

## **Duration**

In its initial submission, the WA Government recommended a minimum of 14 weeks paid parental leave. However, consultations with Western Australian women has resulted in support for the proposed 18 weeks parental leave, with an additional two weeks paternal leave. The two weeks paternal leave for the father/partner and the potential to share the leave between eligible partners was seen as a positive step forward in recognising the shared role of parents in the provision of care.

The consultation process found broad support for the Commission's view that a minimum of six months parental care for newborn children is beneficial and that this be facilitated where possible. Where an employee has existing leave, they should have the opportunity to negotiate to take this leave in conjunction with their parental leave. Employers should be encouraged to have best practices standards to aid in the attraction and retention of their staff.

The Western Australian Government recognises the benefit of providing paid parental leave to attract and retain a motivated workforce for the WA Public Sector. From 1 July 2008 an employee is entitled to fourteen weeks (previously it was twelve weeks) continuous paid parental leave and up to twelve months (inclusive) of unpaid parental leave.

## **Eligibility**

The recommendation that part-time and casual employees who are primary carers can access paid parental leave was welcomed. Support for self employed parents was also welcomed however it was recognised there needs to be more work done as to how this could be verified and implemented administratively.

The parental leave should also be accessible to fathers with the payment going to the primary care giver. There should be capacity for negotiation for sharing the leave.

## **Coverage**

The women at the consultation supported paid parental leave be made available to the primary carer. This implies making it possible to negotiate for this payment to be made to a grandparent or other family member, where the parent(s) is not the primary carer for the child. This coverage would give greater recognition of the labour (and expense) involved in caring for a newborn child.

In the case of a still born child, parental leave support should be given to assist with associated costs and time involved with the funeral, grief counselling and loss of pay through being absent from the workplace.

## **Payment Level**

The payment of the proposed leave at the level of the federal minimum wage, was seen to be a positive benefit to low income and part-time/casual workforce.

For higher earners it is not as strong a financial supplement relative to loss of income level, however it is anticipated that this group may be in a better bargaining position with employers and have other 'packaged' entitlements as part of their terms of employment.

## **Part-time**

There was some support for the concept of part-time parental leave where it is required and to provide greater flexibility and ability to negotiate. Further, this capacity for flexibility would support workforce attachment. Six months leave could be extended to be a part time arrangement over a twelve month period.

It was raised that there needs to be closer alignment between work and leave, with transition from one to the other being achieved in a more streamlined way. This would improve workforce participation and enable parents to maintain their skills, knowledge and workplace networks.

## **Funding Source**

The majority of women consulted supported a federally funded scheme with employers responsible for superannuation during the period of leave.

There was some support amongst stakeholders for the funding to be a mix of employee, employer and the federal government.

## **Leave Accrue**

There was support for all types of leave to be accrued during parental leave, in line with current conditions in the public sector.

It is acknowledged that evidence based research referenced in the draft report shows that the health and wellbeing of the parent and child benefits greatly with at least six months or more post-natal parental care. The capacity to accrue leave to supplement the proposed scheme is important in parents' capacity to provide this care.

## **Indigenous Women's Issues**

Consultation with the Indigenous Women's Congress highlighted that many Aboriginal women need support to access employment to be able to benefit from the paid parental leave proposal.

The recommendation for a minimum of six months parental care is premised on the assumption that parents can 'top up' the proposed 18 weeks. It is an issue, in many instances, that Aboriginal people use much of their annual leave to cover the time needed for cultural obligations and bereavements. To

expect that Aboriginal women could then use accrued leave to add to parental leave is unrealistic. This could add to Indigenous disadvantage in the workplace.

Shortage of appropriate child care facilities is another issue that impacts on Aboriginal women, particularly in the regional and remote areas of Western Australia.

Grandparents and aunties are often the principal carers in Aboriginal families. For example a recent Telethon Institute Report<sup>1</sup> states that

*“the second most common (17.3%) care arrangement of Aboriginal children in Western Australia is care for by an Aboriginal person who is not the birth mother.”*

Currently the provision of this care is not formally recognised. It is not clear how the new parental leave scheme will take this into consideration and have the mechanisms to deal with this administratively.

### **Community Development Employment Project (CDEP) Issues**

Issues associated with the CDEP scheme were identified as having a negative impact on Aboriginal people who have been CDEP participants for years and have not accumulated any superannuation and limited entitlements. People are concerned as to how paid parental leave would integrate with this situation.

All these issues contribute to systemic health issues for Aboriginal women in Western Australia and there needs to be more input from the early childhood development sector.

### **Role of employers**

There was support for the practice of the employer administering the paid parental leave with a recoup on a timely basis from the federal government.

There was support for employers to provide superannuation, with the condition of small businesses having the capacity to do so.

### **Impact on Small Business**

Approximately 95% of all businesses in Western Australia are small businesses (with less than 20 employees). In recognition of the large number of small businesses that operate in Western Australia there was support for the actions and concepts outlined in the draft report, providing they don't impose unnecessary costs and administrative burdens on the small business sector.

Women often head small business in feminised industry sectors population so are likely to face the preponderance of imposts such as payment of

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<sup>1</sup> 1. Zubric SR et al (2004) *The Health of Aboriginal Young People and Children*, Vol. 1, Telethon Institute for Child Health Research, Perth (2004)

superannuation or accruing of leave. It is important to address the needs of small business in any changes being contemplated by the Australian Government.

With planned parental leave including payment by the Government, the employer has the opportunity to employ relief staff in the employee's absence with no additional costs. The additional cost to the employer in paying superannuation, capped at 9%, while the employee is on parental leave was supported.

### **Interaction with other Government Policy Measures**

The following policy measures complement paid parental leave and work life balance strategies, including:

- A targeted community education and awareness program that promotes the benefits to employees, children, employers, the economy and the community generally.
- Greater access to childcare in the workplace and in the community.
- Greater access for appropriate facilities to support breast feeding in the workplace.
- Support for parents in the unpaid domestic workforce.
- Paid parental leave is important in encouraging:
  - greater gender pay equity, and
  - continued attachment to the workforce during child bearing years.

### **Interaction with other Government Payments and Taxes**

There was concern about how the paid parental leave scheme will interact with other government payments and taxes such as the Medicare levy. There was uncertainty in a range of areas such as salary sacrifice measures in the workplace. More work needs to be done to determine how these interactions will play out and to ensure that people are not disadvantaged by the new scheme.

### **Interaction with Existing Legislation**

The *Sex Discrimination Act 1984* is currently undergoing an inquiry by the Senate Standing Committee on Legal and Constitutional Affairs into the effectiveness of the legislation in eliminating discrimination and promoting gender equality. The review should cover all aspects of paid parental leave to ensure coverage and compliance/monitoring so that women of childbearing age are not disadvantaged. In the event of a severe downturn in the economy, the rights gained for parents need to be protected against future changes in the economy and higher unemployment.

According to the Chamber of Commerce and Industry's discussion paper (2008), paid parental leave is a key incentive to encourage women to stay in

the workforce.<sup>2</sup> An Equal Opportunity for Women in the Workplace Agency (EOWA) (2003) survey found that organisations with paid maternity leave had a higher average retention rate (67%) than organisations without paid maternity leave (56%).<sup>3</sup>

Western Australia has the largest gender pay gap of any state or territory in Australia, currently at 27 per cent<sup>4</sup> compared to the national average of 16 per cent. One factor influencing the gender pay gap is that women have breaks away from the workforce due to childrearing. These breaks result in lower earnings both in the short term and the longer term, and can also have a significant impact on retirement savings. The workforce participation rate in Western Australia is currently 61% for women and 77% for men.<sup>5</sup> The discussion paper also links the cost of child care and paid parental leave with female labour force participation. CCI states that “affordable and accessible childcare is critical to ensure that working parents can balance their work and family commitments.”<sup>6</sup>

### **Awareness Raising and Communication Strategy**

Views expressed during the consultation forum indicated that it would be beneficial to have a comprehensive educational strategy to promote the positive benefits of paid parental leave. Economic benefits for the employer and the economy generally need to be highlighted to the wider community to assist in the acceptance and integration of these changes in the workplace.

### **Dealing with Extenuating Circumstances**

In situations where the child has health problems or a disability, the scheme needs to be able to accommodate strategies that are supportive to the family concerned. It must be flexible and have scope for negotiation in extenuating circumstances.

### **Evaluation**

The recommendations of the Productivity Commission are welcomed as a starting point and the recommendation for staged assessment and formal evaluation. This monitoring should focus on the many questions that are currently unanswered, for example, how the scheme will be administered; interaction with the taxation and welfare systems; what the impact will be on parents, children, employers and its benefits to the Australian economy.

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<sup>2</sup> CCI. (2008). *Women in the Workforce*, p. 55.

<sup>3</sup> EOWA. (2008). Factsheet: Paid maternity leave, 15 May.

<sup>4</sup> ABS. *Average Weekly Earnings* 6302, May (referred hereafter as ABS. *AWE*, May 2008).

<sup>5</sup> ABS. (2008). *Labour Force* 6202, August.

<sup>6</sup> CCI. (2008). *Women in the Workforce*, p. 50.

## **CONCLUSION**

The introduction of a federally funded paid parental leave scheme is strongly supported as an important factor in enhancing child and maternal health and in increasing workforce attachment of women of child bearing age.

In summary, this submission notes/recommends:

- There was strong support for the proposed 18 weeks parental leave, including the proposed additional two weeks paternal leave paid at minimum wage.
- Paid parental leave is acknowledged as one important component in a range of public policy measures that support both child and maternal health and workforce participation.
- The majority of women consulted supported a federally funded scheme with employers responsible for superannuation during the period of leave.
- There was support for all leave entitlements (eg sick leave, annual leave and Long Service Leave) to be accrued during parental leave, in line with current conditions in the public sector.
- Consideration should be given to situations where neither parent is the primary carer, especially in Indigenous communities.
- Indigenous women would benefit more fully from the scheme if it provided flexibility to be tailored with consideration of a range of cultural issues.
- The roles and responsibilities of employers in the proposal are supported, with the proviso that there is no adverse impact on the small business sector.
- Effort should be made to supplement and integrate the proposed scheme with relevant legislation, initiatives and government policies. Of particular relevance are the recent federal inquiries into pay equity and the review of the sex discrimination legislation.
- A comprehensive educational strategy be undertaken to promote the positive benefits of paid parental leave is recommended
- There was some concern about the implementation and administration of the scheme and it is recommended that this be clarified.
- The recommendation for staged assessment and formal evaluation is supported and an iterative process is encouraged, whereby findings (positive and negative) are fed back into the scheme to improve its effectiveness.

The Commission is to be commended on its positive, thorough, analytical and comprehensive report and initial recommendations. Those involved in the consultation on parental leave are looking forward to the final report.