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**GM Holden Response**

**to the**

**Draft report into**

**Paid Maternity, Paternity and Parental Leave**

**November 2008**



# **Draft Report into Paid Maternity, Paternity and Parental Leave 2008**

## **Response by GM Holden Ltd to the Productivity Commission**

### **November 2008**

Submitted via email: [parentalsupport@pc.gov.au](mailto:parentalsupport@pc.gov.au)

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## **1. Introduction**

GM Holden provided its comments on paid parental leave in its submission to the Productivity Commission in June 2008.

GM Holden welcomes the Draft Inquiry Report from the Productivity Commission into Paid Maternity, Paternity and Parental Leave and has considered its responses to the recommendations in this supplementary submission.

GM Holden is committed to implementing policies and practices that support women across the organisation. These policies have resulted in a positive outcome for both women and the business.

GM Holden is leading the way, particularly in the Australian manufacturing sector, by implementing a range of equal opportunity and family-friendly initiatives for women and parents generally.

## **2. Response to Draft Recommendations**

GM Holden is supportive of the following Draft Recommendations (DR) contained within the Report:

- 18 weeks paid parental leave for the primary carer of the child, who meets the stated employment eligibility criteria, the employment test (DR2.4 & 2.7), and
- 2 weeks paid leave for the father of the child, who meets the stated employment eligibility criteria on a “use it or lose it” basis (DR2.5)

Our support of the above is contingent on the following:

- That these periods of leave be paid at the rate of the adult minimum wage, and are funded by the government.
- That there is no concurrent use of paid parental leave by parents, apart from the taking of 2 weeks paternity leave which must be taken within six months of the birth of the child (DR2.7).
- That employers pay these leave payments initially to employees and seek reimbursement from the government, via a workable method of speedy reimbursement as described (DR2.3).
- That the mother is deemed the primary carer and receives the initial parental leave entitlement and she has the power to transfer the leave to her partner to take on the role of the primary carer if that is her wish (DR2.5). However, GM Holden is firmly of the view that the first six weeks

following the birth should remain as mandatory leave for the mother and should not be transferred (except in the case of adoption.) In situations after a birth, this period should remain to provide the mother with sufficient time to recover from the birth.

- That the proposals allow employers to re-organise funding provided through any statutory scheme introduced and combine this with existing arrangements provided for employees, and that employees would be “no worse off” under any new hybrid/combined arrangement.
- GM Holden requests the extension of any notice period to extend leave or to return to work from a period of six weeks to ten weeks to allow for more efficient business planning and transition arrangements to be put in place (DR2.8).

GM Holden is interested in any evidence-based advice (including a web-based calculator) provided to assist in reducing the disruption burdens of absences from the workplace by parents, and clarifying employer obligations (DR2.9).

GM Holden supports the proposed “keeping in touch” provision that allows employees to work up to 10 days while on paid parental leave, where that work strengthens the connection to the workplace (DR2.10).

GM Holden is interested in further clarification on additional resources to allow effective support for breastfeeding during the first six months of an infant’s life and beyond (DR2.11). GM Holden has in place a Lactation Breaks Policy and dedicated facility to support the continuation of breastfeeding / lactation following the mother’s return to work.

GM Holden would expect that the Government would carefully assess, monitor and evaluate the aspects and impacts of any new parental leave scheme introduced (DR2.12) and we would willingly participate in any type of evaluation undertaken.

GM Holden does not support the proposal that employers fund superannuation contributions during these paid parental and paternity leave periods, limited to the statutory 9% rate (DR2.1 & 2.2). GM Holden expects that government should fund any employment costs associated with this leave period – including superannuation contributions.

### **3. Interaction of proposed scheme with GM Holden’s current parental leave provisions**

Section 7.4 of the Draft Report addresses the impact of a statutory scheme as proposed on existing voluntary schemes.

GM Holden introduced a Paid Parental Leave scheme in 2002 for all employees. This was later enshrined in our EBA in 2004.

## Background – Paid Maternity Leave

Prior to 2002, GM Holden offered 6 weeks of paid maternity leave. As a result GM Holden was retaining only 65 per cent of women following maternity leave (In 2002, 6 weeks paid maternity leave was the standard entitlement provided by all local vehicle manufacturers).

This situation presented a significant challenge as GM Holden's business objective was and is to improve gender balance and to increase the representation of female employees in the workforce. In 2002 females comprised 9% of our workforce.

In addition, the inability to retain more than one third of these female employees was a significant issue given the investment over time in their skill development and the loss of corporate knowledge.

As a result, in September 2002 GM Holden made the decision to extend paid maternity leave to fourteen weeks for employees who had at least two years of service with the company. For those female employees with less than two years of service, the entitlement to six weeks leave was maintained. In addition, the entitlement to six weeks of paid maternity leave was introduced for casual employees who had worked regular hours for twelve months or more.

Although referred to as "maternity leave", the provision of fourteen weeks paid leave is in fact available to either parent who is deemed to be the "primary carer" to the newborn or adopted child. In the vast majority of cases, this is the mother of the child.

## Outcomes Achieved

GM Holden has closely monitored the outcomes of introducing extended paid maternity leave provisions. In the period from 2002 to 2007, a total of 210 applications for maternity leave were received from 179 female employees (some women took maternity leave more than once in this period).

Of these 179 women, 90 per cent have returned to work at GM Holden. This is a significant increase from the 65 per cent of women who returned to work prior to 2002. Notably, of those who have returned since 2002, 52 per cent have returned into some form of flexible working arrangement (primarily part-time).

Since 2002, female representation in GM Holden's workforce has increased to 12 per cent overall, and to 18 per cent in the salaried workforce. Due to the demographic profile of our workforce, most requests for paid maternity leave have come from the salaried areas of our business where there are more women employed in their child-bearing years.

When GM Holden announced in 2002 that it was extending its paid maternity leave provision, it was greeted with significant media coverage and labelled as a "leading edge" employer by political, social and media commentators.

The introduction of fourteen weeks paid maternity leave has also contributed to GM Holden being awarded the EOWA (Equal Opportunity for Women in the Workplace Agency) citation of “Employer of Choice for Women” (EOCFW). GM Holden has received this award each year since 2004, in recognition of this “leading edge” provision, the successful outcomes achieved in relation to increased employee retention and enabling greater flexibility in working arrangements.

### Paid Paternity Leave

At GM Holden, male employees have an entitlement of one day of paid paternity leave (which is taken as part of their ‘family leave’ entitlement), to be taken at or around the time of their child’s birth. Increasingly, we are noting the desire for fathers to be able to support their partners and be involved in the care of their family members, following the birth of their children. Many male employees take unpaid leave to care for their partner and child/ren around the time of the birth or baby coming home.

### Impact of the statutory scheme and GM Holden’s provisions

Although only at the exploratory stage, GM Holden would be interested in combining any new statutory arrangements with those we have already in place for our employees.

As an employer who has proactively demonstrated our commitment to paid parental leave and support for families, we feel it is appropriate that our business and our employees are not penalized by any new statutory scheme that is introduced.

GM Holden would therefore want to have the ability to combine the two schemes into a hybrid arrangement as long as our employees would not be disadvantaged. For example, in relation to the leave for the mother or primary carer, GM Holden would be interested in re-organising the funding provided by the statutory 18 weeks paid leave at minimum wages and combining it with our current provisions to form some kind of hybrid arrangement.

Our understanding from discussions with the Productivity Commission is that the recommendations by the Commission allow for this type of combined / hybrid arrangement via a re-organisation of funding.

#### **4. Further feedback**

The Draft Report requested feedback on other aspects of the proposed model. Our comments, questions and feedback are outlined below.

##### Contractors / contracted / fixed term employees

GM Holden seeks further clarification on how the proposed statutory scheme would apply to fixed-term employees.

For example, considering the case of a male employee, employed on a fixed term contract for 18 months from January 2007 to June 2008.

Should this employee's partner have a baby in April 2008, he satisfies the employment test. As such, would this employee be obliged to take his 2 week paternity entitlement prior to his contract expiry in June 2008 and if he does not he loses his entitlement?

GM Holden requests further clarification for a case such as the one outlined here.

##### Parental Leave to be taken part-time

GM Holden would support in principle the notion of paid parental leave to be taken part time, allowing parents to concurrently work part time while spending time caring for family members (i.e. mother works 3 days and takes 2 days leave per week, while father works 2 days and takes 3 days leave per week).

GM Holden is interested in this aspect being further explored as this is an arrangement that would be of interest to our employees, and would allow employees to maintain a connection with the workplace.

##### Disruption burdens for employers from employees taking longer leave

As outlined earlier, GM Holden is very interested in any evidence-based advice to assist us in reducing the disruption burdens of absences from our workplace. As an example, we estimate that following the introduction of a statutory scheme of paid paternity leave, we would need to backfill absences caused by 450 employees per annum taking 2 weeks paid paternity leave (i.e. replacement labour for 4500 days). This would cause us significant disruption especially in our production areas where having sufficient employees "on the line" is business-critical.

##### Accrual of leave entitlements during paid parental leave

GM Holden's current paid parental leave provisions allow for the accrual of sick, annual and long service leave during the period of paid leave. Should the introduction of a statutory scheme eventuate, GM Holden would be supportive of such leave continuing to accrue during the period of paid leave of any combined / hybrid scheme that we would develop.

##### Superannuation

The majority of our employees are covered under a defined benefits superannuation scheme – where the employee contributes 5% of gross income and the company contributes a supplementary 4%. Following 10 years employment, the company matches the employee 1:1. We are seeking clarification from the Productivity Commission about the impact, if any, of the proposed superannuation

payments for the statutory leave periods would have on this defined benefits scheme.

Currently when an employee is on the unpaid portion of maternity leave (following the 14 weeks of paid leave) she has to select to either

- cease payments for that period and commence superannuation contributions again on her return to work, or
- make retrospective payments to cover the unpaid portion of leave on her return.

#### Other comments / seeking clarification

There is no mention in the draft report of the current requirement that women do not return to work within six weeks of giving birth. We would expect that this requirement remains in place to allow mothers time with their babies and are fully recovered from the birth prior to returning to the workplace. This period of six weeks should not be able to be transferred to the other parent, except in the case of adoption.

## **5. Summary**

As mentioned previously, GM Holden is committed to implementing policies and practices that support women and families across the organisation. These policies have resulted in a positive outcome for our employees and our business.

GM Holden is leading the way, particularly in the Australian manufacturing sector, by implementing a range of equal opportunity and family-friendly initiatives for women.

As an employer who has proactively demonstrated our commitment to paid parental leave and support for families, we welcome the opportunity to consider policies that build on our existing strategy and enhance our corporate culture.

GM Holden looks forward to the recommendations from the Productivity Commission on this issue, and we hope to continue our commitment to a family-friendly workplace in the future.