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PRODUCTIVITY COMMISSION

**DRAFT REPORT ON PAID MATERNITY, PATERNITY
AND PARENTAL LEAVE**

**MR R. FITZGERALD, Presiding Commissioner
MS A. MacRAE, Commissioner**

TRANSCRIPT OF PROCEEDINGS

AT MELBOURNE ON FRIDAY, 21 NOVEMBER 2008, AT 9.09 AM

Continued from 18/11/08 in Canberra

MR FITZGERALD: Good morning, everybody. I'm Robert Fitzgerald. I'm the presiding commissioner. Welcome to the third day of public hearings following the release of the draft report into paid parental leave. I'm sorry I'm a few minutes late but in the scheme of things that won't matter too much. This morning the hearings are conducted under the Productivity Commission Act. Whilst people are not required to provide sworn evidence, they are required to be truthful in the information they provide to the commission. Media are entitled to be in attendance and to take photographs, but are not able to take sound recordings for the purposes of re-broadcast.

Other than that, it's the same process and procedures as we adopted in the first round of hearings and then each participant will be asked to give an opening statement and then we'll have a short time for some question and discussion. If we can have our first participants, the Australian Nursing Federation. Grab a seat there. That would be terrific. If you have difficulty hearing during the day, let us know because the air conditioning in this room is quite loud. If you could give your full name and the position and organisation you represent, for the record.

MS KEARNEY (ANF): Certainly. I'm Geraldine Kearney. I'm the federal secretary of the Australian Nursing Federation.

MR BLAKE (ANF): Nick Blake, federal industrial officer, Australia Nursing Federation.

MR FITZGERALD: Okay. Now, if you commence your opening comments, that would be terrific.

MS KEARNEY (ANF): Thank you very much for the opportunity to speak to you today. We are very pleased about that. As we stated in our response, the ANF very warmly welcomes the commission's report and recommendations to establish a paid parental leave scheme. We're particularly pleased that the proposed model recognises a number of key objectives such as the promotion of child and maternal health, improved workforce attachment and a better balance of work and family life for all parents and carers. It also recognises the overlapping roles experienced by both men and women and we certainly appreciate that. This is an important step towards improving gender equality.

I thought we'd give you some background to the Australian Nursing Federation and the nursing workforces. That might be helpful to our presentation. The Australian Nursing Federation currently has 170,000 members nationally. We're the largest professional industrial body representing nurses in Australia. The latest workforce data we have on nursing is unfortunately from 2005. We have no more recent date than that, but we do know back then there was a combined total of 244,360 nurses registered and enrolled in Australia. We do know that nurses make

up about 55 per cent of the health workforce and 5.8 per cent of the entire female workforce in Australia - a significant number.

We also know that women comprise 92 per cent of employed nurses and that about half of the nursing workforce works part-time. Part-time is defined by the AIHW as 35 hours a week or less. A little bit about nursing wage levels: nurses are generally low-paid workers. The median award entry level on an hourly wage rate as of 2008 for an assistant in nursing is only \$16.50. For an enrolled nurse, it's \$20 an hour and for a registered nurse it's \$23. That's at entry level. I often compare that actually to my daughters who work down at our local pub for \$21.50 an hour, pulling beers, which I find is quite astounding.

There are significant challenges confronting the nursing workforce, and the health system generally, as I'm sure you're aware. There's been a lot spoken about the shortage of nurses at the moment and the stress that's putting on the health system, but we often refer to that shortage of nursing as rather a shortage of nurses willing to work in the system because we know from that data from back in 2005 that there are about 30,000 registered and enrolled in this country who simply aren't working in the health system. We've got no way of knowing how many nurses have allowed their registration to lapse beyond that and don't come back to the workforce at all.

We don't think that any other occupational group comes close to rivalling the depth and breadth of the skills shortage in nursing at present. The situation, coupled with the feminised nature of the nursing workforce, makes paid parental leave a particularly relevant issue to nurses and the future of the nursing workforce, and fixing the shortage as we see it. You might be interested to know that, up until recently, nursing has been award reliant. It's in the last 10 years that enterprise bargaining has been introduced into the nursing workforce and the health sector, but we have many nurses still on award conditions and that's particularly in the aged care sector.

I really don't intend to speak to each point written in our response which we've tabled, but we'll briefly raise a few points. We'd like to refer, if we can, to our survey that we conducted on parental leave. As I said, we welcome the recommendation of the 18 weeks' paid leave for the primary carer and two weeks' paid paternity leave. However, we are concerned that 18 weeks' may continue the disadvantage experienced by many families who don't have access to other paid parental leave entitlements. In nursing, we estimate that between 40 and 50 per cent of nurses have limited or no access currently to paid maternity leave and will therefore be less likely to achieve the desired six to nine months advocated by the commission.

The ANF ideally would like to see a statutory period of at least 26 weeks' paid parental leave, which is consistent with the evidence contained in the commission's

report supporting better child and maternal health outcomes, family welfare and breastfeeding. Significantly, our survey report shows that some 75 per cent of both female and male respondents did not consider there was sufficient paid parental or paternity leave, both indicating that 26 weeks' would be appropriate. Further to the paid parental leave, we believe the two-week period of paid paternity leave to fathers or other eligible partners could be extended to four weeks.

The scheme should provide for paid leave at ordinary wage replacement, or the federal minimum wage - whichever is higher - we believe for all workers, with payment of the employee's usual superannuation based on the same figure. It should ensure that paid leave arrangements will support families and enable time out of the workforce without the financial pressures to return earlier. A staggering 70 per cent of the respondents to our survey indicated they return to work for financial reasons, including the end of paid leave. 38 per cent of our female respondents felt that the duration of paid leave impacted on their decisions relating to breastfeeding, and 35 per cent of females felt that the duration of paid leave impacted on their own, or their baby's, health. Just over half indicated their interaction with their baby and family in general was affected by the amount of paid leave they had.

The many comments provided by our respondents, included at pages 5 to 7 of the report - and some of them are just heart rending if you've got to read them - highlight the point that financial constraints and the lack of paid maternity leave and paternity leave are critical to decisions to return to work earlier than planned, or desirable, and that this has potential wide-reaching effects on the child, the maternal and family health. That's all we'd like to say in terms of introductory comments and we're happy to make submissions now.

MR FITZGERALD: Good. Thank you very much. I might ask Angela if she'd like to start with some questions.

MS MacRAE: Just in relation to, I guess, your ideal system - so going beyond in terms the commission was recommending, in relation to full replacement wages and making them available for all employees, were you envisaging as we've seen in the ACTU model that that would come from employers, or were you suggesting that that should be a government-funded component?

MS KEARNEY (ANF): We'd be happy if it was dual responsibility from both the employer and the government in that respect, and we think that's a reasonable thing.

MS MacRAE: I think I got it right; you were saying 40 to 50 per cent of your membership currently have coverage for some paid maternity leave.

MS KEARNEY (ANF): Correct.

MS MacRAE: Would they be the state based and then in private hospitals and things that are less available?

MS KEARNEY (ANF): Yes, it's less available in private hospitals, and even less available in aged care.

MR BLAKE (ANF): Generally speaking, nearly all the public hospital sector would have some form of paid leave under their enterprise bargaining outcomes and most private hospitals would provide probably a lesser amount of paid leave and then it falls away. In terms of aged care, virtually it doesn't exist.

MS MacRAE: Right. In terms of the existing entitlements that are there, I note that one of your suggestions is that our 10 hours for a 12-month period is in your view too stringent and that you'd rather see the 10 hours a week reduced to seven so that effectively people would be coming back for perhaps one day, or one shift I guess in terms of nursing. Do you have much of a feel for whether your existing private arrangements have that sort of eligibility or are they only for full-time nurses?

MR BLAKE (ANF): No, the enterprise bargaining arrangements cover both full-time and part-time employees. The recommendation that we submit about the length of a shift is simply common to the nursing occupation that these sorts of issues are considered on a shift-by-shift basis rather than a set number of hours over a week.

MS MacRAE: Right, okay.

MR BLAKE (ANF): So for consistency we would support that approach.

MS MacRAE: But you think that the seven hours a week would capture the majority of the people.

MS KEARNEY (ANF): Yes.

MR FITZGERALD: Sorry, can I just ask a question on that. Do you know in your industry at all the number of people that would be affected or advantaged by moving from 10 hours to seven hours? One of the difficulties for us is trying to assess what the impact of that move would be across the economy. I was wondering whether or not it would be a significant number that we're talking about that would be advantaged.

MR BLAKE (ANF): I don't believe it would be a significant number. As Ged pointed out in her opening statement, over half of the nursing workforce do work part-time, but the majority of those would do two or three shifts per week and would fall away from that point. But I don't believe a large number of people or nurses

would be affected by a move from 10 to seven hours, but the move from 10 to seven hours would be consistent with the approach taken to these matters in the health industry, which is shift by shift rather than - - -

MR FITZGERALD: A shift is seven hours?

MS KEARNEY (ANF): Yes. A shift would very rarely be any less than seven hours, yes. Eight hours is probably an average shift, but there are seven-and-a-half-hour shifts. There's all those funny shifts, you know, seven hours 10 minutes, that sort of thing.

MR FITZGERALD: Sure. But your view is that seven hours is about what you would regard as a shift.

MS KEARNEY (ANF): Yes, it would cover the majority, yes.

MS MacRAE: I guess one of the misunderstandings that we've had from our report because of one piece of summarisation that we didn't get quite right was in relation to the ordering of leave and whether or not you'd be required to take other leave first, and I note that you've made a point here of saying that you don't think that people should have to take their voluntary maternity leave first, and in fact that isn't what we intended so we were happy for people to take it in whichever order they would like. But nevertheless we have suggested in the draft that you would need to commence your government funded payment within six months. Now, would you see that as an issue for your industry?

MR BLAKE (ANF): On the face of it, most nurses would receive less than six months' paid leave under their existing agreements, but to be on the safe side we were proposing that there should be enough time to ensure that they didn't have to tap into their paid leave first and therefore lose the entitlement to your scheme.

MR FITZGERALD: One of the things we've been concerned about, just on that, is, whilst we've expressed it poorly, our aim was to ensure that you didn't have concurrent leave being taken so that you get additional weeks. But one of the things we're thinking about is whether or not we should be concerned with that issue at all. We haven't reached a view and obviously we're canvassing it. In other words, one of the reasons for putting the six months in is for administrative reasons for government, given that they're the administrator of the scheme. I was wondering whether you have a view as to whether or not it would be simply easier to say you have to commence the leave within six months but not bother about whether or not it's concurrent with other leave or before or after. It may be that it is easier for collectively bargained or voluntary arrangements to be changed over time than it is for the statutory scheme to be changed. So I was just wondering whether you have a view about whether it matters in terms of having a provision that talks about

concurrency.

MR BLAKE (ANF): To the extent that we are fearful that there will be pressure brought to bear on nurses to bargain away their existing entitlements, we were very keen to see a situation where it is clear that there are effectively two periods of leave available to employees if they have enterprise bargaining entitlements for paid parental leave. We were keen to see that continued because we do think that employers in our industries will look at the recommendations of the Productivity Commission as a lever to reduce what they currently provide to our members. So we're keen to see that that clearly has two sets of leave there are currently paid provisions available to nurses and that shouldn't change. To the extent that it overlaps, we would be concerned about that.

MR FITZGERALD: Can I just explore with you the proposition that you think some employers in your industry will seek to reduce their own commitment to paid parental leave. One of the reasons why employers enter into those arrangements, apart from the skills of the unions in negotiating them, is because they want to be employers or choice or an industry of choice. Once you introduce a statutory scheme everybody goes to a level playing field and if you are still to be an employer of choice or an industry of choice you're going to have to provide benefits over and above that. So our assumption is that because the reasons for introducing voluntary or collectively bargained leave don't change, that is, to attract from a limited labour pool, employers are not likely to trade off those benefits. Why do you hold a different view to that? Or do you hold a different view to that?

MS KEARNEY (ANF): Well, one thing I can say in comment to that is that we've had to take even the state governments kicking and screaming to any level of paid maternity leave. We still have in some states - what would the average public sector paid maternity leave be?

MR BLAKE (ANF): Less than 12 weeks.

MS KEARNEY (ANF): Less than 12 weeks, and it's taken us a long time to even get to there. I'm not saying that the public sector would be the ones that would bargain it down, but maternity leave has been an easy thing despite the fact that it would make an obvious employer of choice. It's certainly our experience that it has not been an easy thing to bargain for. I don't know if Nick would like to add to that.

MR BLAKE (ANF): I think your analysis is wrong. I think that employers will see any cost that they can reduce in terms of existing entitlements being attractive and they will place them on the table in enterprise bargaining. Where we have strong sites, it may be easier for us to retain that provision. But I think where there is pressure wrought on nurses about the need to cap costs, reduce costs, perhaps take the benefits available under paid parental leave and put those into wages as a way of,

you know, giving wages increases but reducing the employer's costs, I think that will happen in enterprise bargaining. I think in some areas it may be attractive to nurses to trade off some of their existing entitlements and we'd be concerned about that as well.

MR FITZGERALD: Well, could I put another proposition to you which you might agree with or disagree with. Some people have indicated to us that once the introduction of a statutory scheme occurs there will and should be a reshaping of many of the parental leave schemes currently in place. Some will top it up to full wage replacement, some will extend the period, but that in some workplaces they may well in fact use some of those funds for other work family-friendly practices and many would see that as positive. So we do in fact envisage that there would be a reshaping of that arrangement. Some people have said to us that once you've got a reasonable level of paid maternity leave or parental leave then in fact other issues do become more important, particularly in relation to flexibility and those sorts of issues. So we've been deliberately non-prescriptive about how this might work because there may be reasons why, after you do in fact have a sufficient level of leave, other work/family issues become more significant in that particular workplace.

MR BLAKE (ANF): On the face of it, we would agree with that view. I think there will be circumstances in enterprise bargaining negotiations employers and nurses will move towards that approach. What we want to avoid happening is that employers simply approach it with the assumption that now that there's a scheme in place, a national scheme, there will be no longer a need to provide the existing benefits. So clearly there will be circumstances where other benefits, work/life balance or other conditions of employment, could be examined on the basis that there is a national scheme in place. But we would like to see there being a choice available to nurses at the workplace rather than some general employer view that that's the case.

I think it's worth noting and I think one of the reasons that we point out in our submission is that of the vast numbers of nurses employed in Australia whenever there is a benefit to be considered for nurses it comes with a significant cost. It's not like giving an increase to doctors, for example, when you're talking about 100 doctors in a hospital, in that same hospital you might have - - -

MS KEARNEY (ANF): Two and a half thousand nurses.

MR BLAKE (ANF): So we're always struggling to get a benefit that there is a cost associated with it.

MS MacRAE: To return just a little bit to the issue of full wage replacement. Given the wage levels that you've got in nursing and they are very low, and I think we'd all agree probably depressingly so, a push for full wage replacement actually

isn't going to be probably to nearly as much benefit to your membership as they would to the working population in general. Just thinking that through and where that leads you, in some ways I was somewhat surprised I suppose by your position on that, just given that the relative benefits for your membership seem to be a lot lower.

That given a minimum wage - I mean, sure it wouldn't be a full wage replacement, but you'd be getting close for a large proportion of your membership, I would have thought, especially if they're part-time. So I suppose it was more a concern that if they didn't get full wage replacement then because they're on low incomes in general they haven't got a lot to fall back on and they still wouldn't get that leave period. I just wonder if we could explore that a little bit more.

MR BLAKE (ANF): Look, we agree with that analysis, but we simply note that it's an industry that's 24 hours a day, seven days a week and a large part of a nurse's remuneration comes from the fact that they attract loadings and other benefits as a result of that type of employment, and we're keen to ensure that their average remuneration continues during those periods of leave, as it would under the existing schemes, either under agreements or the awards.

MR FITZGERALD: Just one other question, in your submission, and I'm not quite sure whether you've dealt with it specifically, we have included in our recommendations that those that are on apprenticeships and traineeships should be treated slightly differently; that is, that they would be paid at 60 per cent of the minimum wage. A number of people have commented about that particular provision. I was wondering whether you have a view about your treatment of that particular category of workers.

MS KEARNEY (ANF): I think we make a comment that we should all be at the minimum at least, in our submission.

MS MacRAE: Yes, it is.

MR FITZGERALD: So you're basically saying that.

MS KEARNEY (ANF): Yes, we wouldn't support that, no.

MR BLAKE (ANF): It's not something that occurs in nursing, a large amount of apprenticeships of course, there's some trainees but not - - -

MR FITZGERALD: You don't have junior wages.

MS KEARNEY (ANF): No.

MR BLAKE (ANF): No.

MS MacRAE: Just one final thing, on the transfer of leave, we have at the moment suggested that at most should be allowed one transfer, and it's really an administrative thing, that we're concerned that if you're allowed too many transfers it becomes difficult for whoever is administering the scheme to follow that and make sure that the right amount of leave is taken and that sort of thing. You have said that you feel that that's too limiting. Is that in respect, do you think, because of the work arrangements of nurses, that it might be that they want a period out and then they're likely to want to switch with partners more often than might be the case in the general workforce. It's just that it's not something that we have had much on from other parties, and so I was surprised - well, not surprised, but just wanted to probe that a bit more.

MR BLAKE (ANF): When we discussed it internally we thought that there could be circumstances where it may be a requirement more often than once, and what we thought was that in terms of the special circumstances that may be available that perhaps it could be considered to occur more often depending on the circumstances rather than simply having a cut-off at the one time.

MS MacRAE: So a general rule of once but with an administrative discretion that would allow a more frequent change might suit.

MS KEARNEY (ANF): Yes.

MR FITZGERALD: Are there any final comments you'd like to make?

MS KEARNEY (ANF): No, thank you.

MR BLAKE (ANF): No, thank you.

MR FITZGERALD: All right. Thank you very much for that. That's good.

MR FITZGERALD: If we could have Mischa Brus. If you can give your name and if you represent an organisation, and, if not, that's fine as well. Thanks.

MS BRUS: Okay. My name is Mischa Brus, and I guess I represent my family, being Matt Schlitz and my daughter Evianna.

MR FITZGERALD: Great. Okay, if you could make some opening comments and then we'll have discussion.

MS BRUS: Sure. Good morning to the commission and to all mothers and fathers. My name is Mischa Brus and with my husband I have made a submission regarding parental leave, titled What is in the Best Interests of the Child. Why did we put our submission together? My husband and I have chosen to provide our daughter with one-on-one quality of care until she is two years of age, and currently there is no workplace provision or substantial government support for this choice in Australia. Our baby was born in July 2007 and my public service workplace awarded me 12 months' maternity leave with three months' paid.

One year's maternity leave inclusive of three months' paid leave is not in the best interests of the child and was financially unsustainable when my family intended to offer our child one-on-one qualitative care until they are one or even two years of age. Living on the eastern seaboard with a mortgage requires two wages or the family is pushed closer to the poverty line. Despite our education and extensive work experience, my family is on a medium income and financially it's incredibly difficult and stressful. Yet we remain determined to provide our child with one-on-one care at home until she is two.

We feel it's unfair to be forced to put our child into long day care and work extensive hours because of our current society's misguided economic values, speculative, artificial real estate prices and workplace ignorance regarding childhood development. In my efforts to return to work to the public service my workplace originally offered me two days per week on site. I inquired about working from home for the second year because I wanted to be with my child and offer her the care, and my workplace declined my proposal, even though I'm a designer and as a freelance designer you can very easily work at a remote site and meet all of the deadlines and meet the schedules and actually have successful outcomes in terms of my working life.

So they actually didn't agree, because, I believe, they don't have a mandate from the government for flexible workplace agreements of this kind. Middle managers lack the understanding or impetus to consider this kind of proposal and government institutions rarely tread beyond their enterprise agreement. With no other option, I had to resign. I'd like to thank the Productivity Commission for the draft report and the Australian government for their initial support of 18 weeks' paid parental leave.

The commission's proposed model is a wonderful first step, but it is only a first step.

When babies take their first steps we are delighted, but we need our babies to walk. 18 weeks' paid paternity leave is a wonderful first step, but it's not enough. In light of the research for correct childhood development, in light of the benefits of breastfeeding and in the aim to financially-support Australian families, in answering childhood development, in a recent ABC Radio National Life Matters interview with Gillian Calvert, commissioner for children and young people, and Prof Stuart Shanker from the University of York, Canada, spoke about the development of the child before the age of two. Prof Shanker's current research suggests that for best development a child must receive one-on-one care from their immediate family.

I'm not a qualified scientist in this area of research but I am a mother and from my perspective it is clear that babies and toddlers under the age of two benefit most from nurture and love of their mother and father. This idea, that one-on-one quality of care before the age of two is best, crystallised my concerns about the nature of parental leave in relation to the child care industry. It is common knowledge that the ratio standards in Australian child care are inadequate.

During 1999 to 2000 I worked as an unqualified assistant at a suburban child care centre and kindergarten in Adelaide. The strict schedule, which is absolutely necessary for managing health and safety given the staff-to-child ratios, is of great concern. The toddler room, which is where the one to two-year-olds are, is sometimes referred to as "the crazy room" where there are many children not able to fully communicate, a schedule that is hard to manage and the highest staff turnover of all rooms. The nappy-change olympics occurs at 10.30 am where all toddlers require a nappy change within 20 minutes to meet the schedule for morning tea. If the room is full, this would leave one staff member 90 seconds per child to accomplish the task.

I also don't believe a one to two-year-old child's immune system or communication skills are ready to handle a group of 10 to 20 other children. For example, the biting phase of babies and toddlers demonstrates that children should not be socialising in large groups for long periods of time. Children under the age of two, I believe, receive all the socialisation and understanding, and literacy skills they need from immediate family and this care is constant. Child care doesn't allow for the child's freedom to express themselves with spontaneous play, and one-on-one attention and loving care. They must have breakfast, play outside, eat lunch, sleep, have a nappy change, watch television, do activities and read a book to a schedule with everyone else, much like an adult at work, and we feel that this demand of the strict schedule is far too much for a child under two. Sometimes as working adults we find a working day to a strict schedule exhausting and I just feel that for under-tuos it's too much to ask.

I believe babies and toddlers should be at home before the age of two and have free time to play when they like, to see and understand their world as they want to and for families to experience their sense of discovery. Children under two need the flexibility to have their daily schedule changed in accordance with how they are feeling, learning and being introduced for the first time to their world. On page 4.35 the OECD summary of evidence suggests:

Taking stock of the evidence, child development is negatively affected when the infant does not receive full-time personal care for at least the six to 12 months of his or her life.

Page 4.37, the Australian Family Association suggests:

Child care has not been shown to be a perfectly satisfactory and equivalent substitute to mother care or other care by a significant, loving attachment figure. 18 weeks' paid maternity leave, with the cut-off point of a six month period of a child's life, falls well short of what is required for the baby and mother's health and for the best development of a child under two.

With regards to breastfeeding in the Australian workplace and the draft report, the World Health Organisation recommends babies be breastfed until the age of two. Returning to work within a year or even just after a year is the greatest deterrent to breastfeeding. A US study suggests that a modest increase in breastfeeding saves \$3.6 billion a year in relation to the health of children in terms of hospital admissions and treatment for common infections. The Australian workplace also does not provide facilities for breastfeeding, expressing milk or sanitary conditions for storing milk. Breast milk can only be kept for three days in a controlled temperature and not in a communal and unsanitary fridge at work, and I know that if I stop breastfeeding my daughter for whatever reason for more than three days, my milk reduces, and so to have to go to work even part-time is very difficult if you have a goal or an objective to breastfeed your baby past the age of 12 to 14 months.

Among my mothers' group, those who returned to work within a year or just after a year, stopped breastfeeding before their babies were three months. Out of 10 mothers, I was the only mother breastfeeding at 18 months and I believe that I was still breastfeeding because I was offered the chance for maternity leave and my three months' paid. Even though we still found it incredibly difficult and stressful financially, I think that my job could offer me the 12 months' maternity leave gave me the will to keep trying when it was really difficult because I knew that I could actually achieve that objective until my child was over one. However, I think 18 weeks' paid maternity leave is a wonderful first step, but it's still not enough.

In regards to financial support, in reference to the scope of inquiry, when the

needs of the child in terms of food and shelter are met and parents are available to offer their child one on one care until they are two, there is no denying that this is in the best interests of the child, to receive care and love from their immediate family. So with this agreed ideal, shouldn't government policy and financial subsidy be equally directed toward the home care model as well as the child care sector. The child care rebate: if our family cannot afford life essentials in the future and we need to rely on child care, I say to the government, "Thank you very much for your subsidy. We will take it and we need it to provide an essential start for our child," and if we were to, we receive, by putting our child in child care, means-tested family assistance, and we also receive for our local child care centre, at \$79 per day, and our government subsidy is 66.27 per cent. So we receive \$53.71 per day from the government to put our child in child care and that equates to \$250 per week if we were to put her into child care for five days.

As a family choosing one-on-one care at home and trying to survive on one wage, which is very difficult, we receive the means-tested family assistance and no further government assistance or subsidy. We disagree with funding the child care industry with our taxpayer and personal funds, particularly considering we as parents at home are not remunerated equitably when we are trying to survive on one wage. So if the government supports all choices, then one-on-one care at home provided by the mother or father, or immediate family member should be funded with the equivalent of the child care rebate. We recently received a letter from the government stating that the decision of whether to stay at home to care for children or to enter the workforce and place the children into child care is a very personal choice which each family must make. The government believes that parents are best placed to make decisions about their children and supports the choices which individual families make. This commission should consider how the government supports the choices which individual families make and encourage equity for all families' situations.

Working life: as a scenario, I'm an Australian mother and have the potential to work for 50 years during my lifetime. To date I've worked approximately 20 years. My daughter has a potential to work for 50 years and my husband has a potential to work for 50 years. We are asking the government to support us for the first two years of our child's life for her correct development, family bonding and love. That leaves 148 years where we collectively are available to partake in the Australian workforce and pay our taxes. Let's not be greedy and put our best development of the child first.

Our recommendations: Families require a total of two years' parental leave after the baby is born. For the first year, maternity/paternity leave including at the very least 26 weeks', six months' paid. For the second year, parental leave with the government support of the family assistance payment in addition to the equivalent daily child care subsidy for that year. We ask that the commission recommend to the

government a vision statement which says, "We encourage and support best practice for the correct development of the child in every family situation." This recommendation, all of the benefits are as follows: an integrated approach from all childhood sectors where budgets are shared, including paid parental leave, family allowance, child care, and the nanny and babysitting industry; treating all families equally and giving them greater choice to provide best practice for the correct development of the child under two; maternity/paternity leave with six months' paid would lessen the stress and demand on child care centre baby rooms, allowing this sector to improve standards and the ratios of care in other rooms.

Parents who choose one-on-one care at home for their children 12 to 24 months would receive the same means-tested subsidy as those parents who choose child care. For parents who choose to provide one-on-one care at home for their child 12 to 24 months in combination with a nanny and babysitter while working from home, would receive the same means-tested financial subsidy as those parents who chose child care. Parents who choose to provide one on one care at home for their child before the age of two are able to contribute to their community in various ways - by running playgroups that aren't very well subsidised or supported by the council, helping with preschools and under-funded preschool programs, caring for other children while their parents work, fund raising for schools and communities - which adds to the productivity of a community and workforce. Volunteers are rarely costed.

In conclusion, we hope our personal experiences on the ground will help to inform the current debate on parental leave and child care. These issues demand an integrated approach from all levels of government and the community for the child's best development. We look forward to policy vision from this government, a potential new model based on home care and child care at the right stages of a child's life that will be best practice in loving and nurturing our babies and children. Thank you.

MR FITZGERALD: Good. Thank you very much. That's terrific.

MS MacRAE: It's interesting that you've focused on the child development angle and I must say we were expecting more submissions - although obviously we're still getting some - on the child development angle, so it's interesting that you've taken that up and it's useful to us.

MS BRUS: Okay.

MS MacRAE: I guess one of the key questions that the commission has been dealing with, and it's not something that you've taken head-on, is in making a choice to have a child, how much of the costs of being able to provide that one-on-one care for the first year or two should fall to a family and how much should fall to the

government. Obviously we've had quite a number of submissions from - not always childless singles or couples but often from those people saying, "We already through the government fund an awful lot of child support; we're not having children ourselves and we feel that we've given enough. We should we be asked to give, in some cases, high-income earning women," but not always, "the opportunity to stay home with their children? If they want to do that, why can't they fund that themselves?" How would you respond to that sort of argument?

MS BRUS: I guess I'd respond in saying that the continuing productivity of a country is reliant upon the next generation for their workforce and if we are going to encourage good child development at this early age, it's only going to be productive for people that choose to have babies and people who don't choose to have babies because the next generation will be the people that are making the decisions for us as we get older, and everyone gets older, people that work and choose to have babies and people that have babies and stay at home. So I would say as an insurance policy for the nation, it's really important to look after our children because they will be making our decisions as we get older, whether we've chosen to have children or not.

MS MacRAE: You did quote some work from Shanker and the New South Wales Commissioner for Children and Young People and we've looked at that. We've also looked at it in the context of other research that's been done in that area. Our reading of the extended research to this date, I guess it accords more with the quote you've taken from the World Health Organisation, I think it was, or the OECD, that the first six to 12 months is critical but the case for one-on-one parental immediate care from 12 months to two years is less definitive and as a result of that, given that there is an ongoing public cost to that scheme, we've tended to focus on that first six months as being very critical, knowing that if we provide that 18 weeks' leave, that the vast majority of people will be able to get to six months on their existing leave patterns that we're aware of and that many will be able to get towards nine months and maybe even 12 months. I guess is it mainly your personal experience that takes you to that idea of the one to two years also being critical?

MS BRUS: Yes. I guess it's my personal experience through working in child care and working with children. It's also my personal experience as a mother and my intuition. I have seen children develop and I haven't seen a difference between their development. For me, their development flows from the first month right through to 12 months. Also, as a human species, we haven't evolved long enough to actually develop our babies. Our babies should still be in vitro until 12 months, they say, if we're looking at it as a physical argument. So really, if they were to be born after 12 months, that's the year that they're being introduced to the world and I feel that even their second year is just as important as the first because it's the introduction to their literacy, it's the introduction to them reacting to the world and it's their first, I guess, cognition of understanding our world. As a mother, I feel personally that I would like to be there to help her achieve that or my daughter achieve that. I feel

that it's just such an important stage and to leave that to a total stranger I feel is quite disappointing.

MS MacRAE: The other thing that the commission has been very aware of in the study is that the choices that families make - and we appreciate that sometimes those choices are financially constrained - but even in the absence of that, the extent to which people wish to be home full-time with their children is quite different, I think.

MS BRUS: It is.

MS MacRAE: Up to the first year, it has been very common in the submissions that we've received and in the hearings that mothers have generally said, if they could - in most instances for that first year it's critical. Again, I think the 12 to 24 months, that's been less of a common theme, I suppose I would say. Again, in designing a scheme that's going to be national, we've been conscious of that; that in fact from the evidence in terms of personal choice and where people feel resources are sort of best directed, one to two years is less critical I think in most people's minds in terms of being able to provide that one-on-one care, certainly full-time.

MS BRUS: Our personal experience was that with the three months' maternity leave, that started running out at about seven months, when our child was seven months, and that's when we started panicking, thinking I might have to go back to work. Even to this day, next week I might have to get a job. If mortgages and food and petrol keep rising, then we will take the offer of subsidy and we will put Evianna into child care because I feel, in her best interests, if we can't afford food and shelter, then it's in her best interests and we're making a very informed decision to use child care and I feel very happy about that. But if we can just afford to stay home, which we just can but not quite, then we will provide her with one-on-one care.

But I do believe that in terms of the care between 12 and 24 months, mothers aren't quite familiar with the research yet and as a mother myself - I was a professional working person for 15 years - I found it really difficult to stay at home. To this day, I'd love to possibly go back into the workforce. I have no problem about that, but I put my daughter first. I think that the research should be made available to all mothers so they can make an informed decision. A lot of mothers still say, "I can't stay at home. It's too much. I really do need to get out and have my own life for two days a week." If that makes a mother happier, then that's a good decision because she's better for her child. So there are a myriad of, I guess, situations to this maternity leave point.

But I guess my point is that there are parents that do want to stay home for two years. They are listening to the research and they deserve government subsidy. There needs to be a lot of solutions for a lot of families, and the family that does

decide to stay home don't get the help.

MS MacRAE: One of the things that you didn't touch on today but you've raised in your written submission was just in relation to the maternal and child health services. We're interested obviously not just in the paid leave but in other areas of policy that are useful for children up to the first two years. Our inquiry is a bit wider than parental leave, even though it's focused primarily on that. I'm just wondering if you could draw out a little bit more in terms of what improvements you would see to maternal and child health. I'm assuming from what you've just said that one of the things that's sort of missing from that service might be better information for parents on the developmental differences between having a child in child care versus being at home with them, although a lot of that is contested, so I can understand why some governments shy away from that a bit.

MS BRUS: Yes.

MS MacRAE: What are some of the other areas that you would see for improvement perhaps for maternal and child health services and do you think that's something that the commission should be looking at for recommendations?

MS BRUS: Look, I do, because it's actually the hub of communication for mothers providing one-on-one care at home and it's underfunded terribly. For example, when I would have my maternal health nurse check, she would rush through it in 15 minutes. She would always be running late. She was overworked. There weren't enough nurses or midwives. The playgroup; there weren't enough places. The play area for the amount of children was particularly small and dark. All of the toys and infrastructure were old and sort of broken. There were lots of areas where Evianna could have crawled into and actually hurt herself. So basically everything in terms of the maternal health nurse service in my area seemed to lack funds, but they certainly didn't lack caring. The midwives were very caring and wonderful, but they were tired.

MS MacRAE: That's Victoria, is it?

MS BRUS: That's Victoria, suburban Melbourne. Also, they didn't really have a lot of funding for extracurricular activities other than the quick appointment to weigh Evianna or the playgroup that you couldn't enter into.

MS MacRAE: Right.

MR FITZGERALD: Just on the child care issue, and I've read the submission you've made which is very comprehensive, some people would say that the problem with child care for under-ones is in relation to the child care ratios between staff and children and if government were able to fix that, then any differential between

one-on-one care at home and quality child care would in fact be reduced to almost negligible amounts. What's your view about that?

MS BRUS: My view about that I guess as a mother and a taxpayer previously, if government were going to direct funds towards a one-to-one ratio in child care, I would feel that it was unfair and wrong not to direct it toward the one-on-one care provided at home because I always feel that is superior because if it is measured and easily given by the mother, if the mother is happy to be at home, it actually comes with the gene pool including love and nurture, and you cannot replace that, I don't believe.

MR FITZGERALD: The other thing too is in relation to increasing family support some would say that the government already contributes something in the order of \$15 billion a year in terms of family assistance and that compared to OECD countries that level of assistance is relatively high compared to the rest of the world. So in terms of support of families generally we rate quite well and that there is a limit to which the government should further increase assistance to families given that level of commitment already. Yet your proposal seeks further assistance right up to the age of two, over and above that which is already provided.

MS BRUS: Yes.

MR FITZGERALD: Do you think there is a point where the community at large has a right to say, "Well, enough has been done and it's now a matter of private decision and choice"?

MS BRUS: I actually think it's probably a matter of more research because the money that can be saved for that care in healthcare later and a lot of research that is currently being conducted is actually connected to adult onset depression and until that actually becomes available and is substantial that can't be an argument to the government. But I would have to say, if there is the slightest truth in that, there is no question that money should be spent before the age of two. So I guess we have to await that scientific evidence so that we can argue a clear case.

But I would also say that it is only a new occurrence in the world that women have entered the workforce or that I have entered the workforce. I feel like I have put my suit on and left the children at home and forgot about them in my liberation to work. I feel that now it is only this point in history we are starting to redress that. That is why I feel for even if you are going to compare statistics with other OECD countries, I feel that this is a new occurrence that what we are doing in putting our children in child care we have only been doing it for the last 15 years and so really it is a relatively new event and we're only maybe seeing the adverse effects of that. So this is where government need to look at that new occurrence, put money into research, get some answers and may be start understanding that the tax pool of

money does need to be larger for this age group, I guess.

MR FITZGERALD: Thanks. Any other comments?

MS MacRAE: No, that's fine.

MR FITZGERALD: Any other comments you'd like to make in particular?

MS BRUS: I would just like to thank the commission for the hearing.

MR FITZGERALD: That's fine. Thank you very much for that presentation. We will take about a 15-minute break and be back at quarter past 10 with the Women's Action Alliance.

MR FITZGERALD: Okay, if you could give your names, the organisation you represent and then some opening comments and then we will have time for a discussion.

MS BRICK (WAA): My name is Lisa Brick. I am national secretary for the Women's Action Alliance.

MS SMIT (WAA): I'm Pauline Smit, a member of the national executive of Women's Action Alliance.

MR FITZGERALD: Good. Over to you.

MS SMIT (WAA): I don't think you will be surprised to hear, commissioners, that we were rather disappointed with the draft report because you would know that it's not at all in line with the model that we have proposed and we have really come to ask you questions today. One is, why would you propose a model from which most women having babies in Australia will get no benefit? Now, I know that "no" is a bit absolute because you are suggesting the paternal benefit for the father, so all families would get something, but your own figures say 140,000 women would qualify and 145 wouldn't, so most will not. So to me that seems a model that should not be very attractive generally.

The other one is, why would you propose a model which is going to give greater benefit to dual income families than single income families, acknowledging that for most families that income forgone is hard forgone and we would see that there would be a greater need in those families for some extra support at the time when they're building their families. The other thing I would like to comment on, I just reread the key points from your draft paper today and you talk about:

Promoting some important publicly supported social goals and in particular the normalcy of combining a caring role for children in working.

Well, we would like to put a question mark over what's normal. We reckon that there shouldn't be a norm about how families work. We reckon families should nut that out. Couples should have autonomy to decide what is best for their family as to who's in paid work, who is doing the caring work and what periods of time and what lengths of time for their children. We regard it as important too that they retain autonomy over what kind of child care is best for their children and if they see that as being parental care when the children are young, that should not be seen as outside the norm. If they decide that one of the couple - father or mother - should withdraw from paid work that should not be seen as outside the norm. That is all I want to say. Do you want to respond seeing I put that as a question?

MR FITZGERALD: A couple of things about it is we started this inquiry with a very clear view of trying to look at what would be the objectives in the paid parental leave scheme. I suppose the question from me to you is, what's wrong with the objectives that we have put forward for a paid parental leave scheme? A paid parental leave scheme in and of itself is associated with the workforce, the paid workforce. Leave is in fact related to taking time away from paid employment. A paid parental leave scheme is not about supporting parents not in the paid workforce, that's the role of the welfare system.

So the fact that we treat differently women who are in the paid workforce from women and families that are not is in fact essential. It is a prerequisite, otherwise all you have is a uniform welfare payment which doesn't in fact meet any of the objectives of a paid parental leave scheme. The objectives of a paid parental leave scheme are to achieve two things: one is to allow people to take a longer time off and secondly, to be able to return to work. It's got some consequential goals and that is to recognise the balance between being both a mother and a member of the paid workforce. So what we have done is looked at both sets of families, those that are attached to the paid workforce and those that aren't. Naturally, you have to design schemes that are different.

One of the things that isn't equitable or meets the needs of equity is equal payment. Equal payment to different groups with different needs actually is completely inequitable. So the fact of paying somebody the same amount doesn't achieve equity at all, in fact it disadvantages certain groups. So what we did is actually look at the needs of two different groups and we've designed schemes to meet those two. For those that are not attached to the workforce they continue to receive additional welfare support and for those that are attached to the workforce, we have a scheme that achieves the objectives specifically for that group.

So far from having a scheme that treats inequitably families, it is in fact much more equitable than a scheme that simply pays the same amount to all families. That is not equity and we were surprised by some groups that have attacked our proposals for believing that equal payment to all families is in fact equitable. Clearly it can't possibly be so because we try to achieve different objectives. Our scheme is very clear: to allow women to stay in the paid workforce, to encourage them to take more time off, to allow them to return to work requires a scheme that has certain design features. For those families who by choice are not attached to the workforce, they have other needs and they need to be recognised separately and differently.

Australia has recognised those needs through the baby bonus and through other payments. What they haven't done is recognised the other group in relation to those particular workforce needs. So our rationale is to say we are trying to in fact be very equitable and equitable is about treating people having regard to their circumstances.

Anyone that has been around the welfare system knows that equity is not about equal payment.

MS SMIT (WAA): We would acknowledge that, but this is not employer-funded paid paternity leave, it's coming from the taxpayer base and therefore we would say if you're going to be equitable, perhaps you should have a means test involved. I mean, surely equity means giving more to the poor and less to the rich and there's certainly nothing there in your that's going to achieve that.

MR FITZGERALD: Are you proposing that both the baby bonus and the paid parental leave scheme be means tested?

MS SMIT (WAA): Our proposal is that there not be any paid maternity leave scheme, that there be an improved baby bonus and we would remove the means test from that too.

MR FITZGERALD: You would remove the means test?

MS SMIT (WAA): Yes, well - - -

MS BRICK (WAA): Your proposal already says that you're proposing paid maternity leave without a means test.

MR FITZGERALD: Let's assume for a moment there is a paid parental leave scheme - just assume that - are you suggesting that both should be means tested or both should be not means tested?

MS SMIT (WAA): Well, one or the other if you're going to be equitable.

MR FITZGERALD: Can I just ask, again the rationale behind that? Our scheme provides the greater income benefit to low-income earners. It's deliberately designed to target those groups. There's a very large percentage of women that are at or below the minimum wage. This scheme is directly targeted to give them maximum advantage. It provides them with the greatest incentive to be able to take time off and yet to return to work. So whilst it's a universal scheme, the benefits are in fact much greater for low-income earners than it is for higher-income earners. The paid parental leave is in fact taxable and the benefit to a higher-income earner is much less. So again on equity grounds, our scheme anything delivers what you're saying. Now, the fact that higher-income women are actually able to access it, we made a conscious decision that if it's a workforce-related payment, workforce-related payments are not means tested. They never have been and they never probably will be, as distinct from pure welfare payments, which may or may not be.

MS BRICK (WAA): Can I just make a point on the welfare payments? I'm quite

disappointed that we continue to refer to the Family Tax benefits as "welfare payments". That is not their actual original intention. They were never meant to be considered as welfare payments and somewhere along the line we've picked up this, that they're welfare payments. So I'd argue the point that that's actually what we're talking about; welfare. We're talking about the tax transfer system. The paid maternity leave is involved in the tax transfer system. The family payments - the Family Tax Benefit - is also involved in the tax transfer system, so why should we be labelling one of them "welfare" and the other one a "work entitlement"? I still can't quite work out how there's all this equity between the two entirely different systems. Obviously my brain can't get around it. I'm trying to think can we be a bit more specific about how you see there's equity between the two systems.

MR FITZGERALD: Whether they're welfare or tax transference schemes, they're looking to address particular needs for particular groups of people. That's the basic design position, and as a consequence we have a myriad of different arrangements in the tax transfer or welfare system. We don't pay everybody the same amount. The baby bonus is the one exception to that, I might say.

MS BRICK (WAA): That's right.

MR FITZGERALD: We meet different people's needs. That's what equity is about. It's not about equality of payment. When you're looking at paid parental leave, you're looking at the specific needs of mothers and fathers who are currently attached to the workforce at the time of the birth. They have particular needs and particular outcomes that we want to achieve. They're different, so one looks at both groups and says what are the design features of the schemes that you need to meet both groups? That's what we've done. Now, at the end of the day, there is a differential in payment. The reason is you're actually trying to get a behavioural change of one group: you're actually trying to encourage one group to be able to take longer time off, and return to work. Those that are not attached to the workforce have made choices which are absolutely legitimate and need to be supported, but they're different.

MS SMIT (WAA): But not equally supported.

MR FITZGERALD: No, but they're supported differently for different purposes.

MS SMIT (WAA): Yes, but there's far less dollars involved, aren't there?

MR FITZGERALD: Well, if we increase the baby bonus, for example, what behavioural change would take place for people already at home?

MS SMIT (WAA): Well, I don't imagine any behavioural change. We would like people at home left alone to make their own decisions about this - - -

MR FITZGERALD: And they are.

MS SMIT (WAA): - - - without pressure being put on them by government policies to model their family in certain ways.

MS BRICK (WAA): The language within the report suggests, say, on page 516, that it is "normal" to be going back to work and it specifically says on whichever page I can remember about not wanting to encourage normalising being at home. Now, to me that suggests that you're trying to make an overall change of behaviour. Why are we particularly trying to not normalise for women who have been employed that they want to stay at home, whereas - it's odd language.

MR FITZGERALD: But 75 per cent of women are attached to the workforce at the time of birth. That is completely different to what it used to be.

MS BRICK (WAA): But they're not attached enough to qualify for the paid parental leave.

MR FITZGERALD: The vast majority of them are.

MS BRICK (WAA): But that's still less than half of women giving birth.

MR FITZGERALD: People have made different choices legitimately, as I have in my family; as Angela has in hers. We recognise both as legitimate. We acknowledge that the needs of both, however, are slightly different and hence the scheme is in fact different in nature. Our scheme is in fact deliberately designed to achieve I think a goal that you would want, and that is to encourage women to be able to take longer time off from work - a very desirable outcome for both mothers and children, and for society as a whole. But equally we want to remove the barriers for them returning to work and we believe workforce attachment for women is important, but it's not compulsory, it's not mandatory. You need to provide supports for two different groups. Our point is that they're different in character and therefore the schemes need to be different in nature.

MS SMIT (WAA): I think we would say that a family that has totally foregone a second income is economically disadvantaged at a certain income level.

MR FITZGERALD: Sure.

MS SMIT (WAA): We'd like to see if tax-payer base is going to be used to fund support to that family during the time when they're building their family. We'd like to see the support go where it's most needed, and it's likely to be the family that's giving up its second income for periods of time. The other thing is most families will

qualify for this model for their first child, won't they? But if the mother hasn't returned to paid work prior to having her second and subsequent children, then she'll be excluded and we see it as a rather exclusive model.

MS MacRAE: I guess I'd just like to make two points in relation to the discussion we've already had and then we could move on. One is I think that if the language of the report in describing trying to give some normalcy around a woman that is juggling work and childcare at the same time is offensive to you in some way, and that we're somehow trying to - in that language - elevate one choice over another, we're certainly not. I think what we were aware of is that 30 years ago, the workforce participation rates of women having children was much less than it is now, but the workplace hasn't caught up with that.

So changing that social norm of workplaces needing to be more aware of the fact that a greater proportion of their workforce is women that have young children at home is something that we would like the employers and the community to be more aware of in moulding the sort of kinds of work that people do and the expectations on those women. In saying that this was now a "normal" part of society, we weren't trying to say normal is better, we're saying this is a legitimate environment in which families are now operating and it should be recognised alongside those families that quite legitimately have made the choice that the woman will stay home. I think it's very important that you understand that, in calling this a "normal" sort of thing, we're not trying to say it's not normal to stay home.

Now, I can appreciate from your viewpoint that perhaps the way we phrased that hasn't assisted that, but really that's our intention. I think as far as that goes, we're probably in fairly firm agreement in terms of the choices people make are legitimate, and we're just trying to say that this choice in relation to working and being at home is an important one that should be recognised in the same way that the model of the mother being home to care for the children is a normal one. So that's the foundation, I suppose, of that language. I think the other important thing about looking at, if you like, the equity in our scheme versus what's available for single-income families, I agree with you that some of the arrangements that we have under the government payments that are made for families at home is to recognise that there's problems with our tax system in being individually-based versus a family, so there are elements of - - -

MS BRICK (WAA): There's a lot of tensions there.

MS MacRAE: Yes. But I think equally there's problems where we've got a woman that's working and then, if she comes out of the workforce and then wants to return, because of the high effective tax rates and things that apply, there are disincentives in our current system. One of the reasons is not to so much make it attractive for them to go back to work, but remove some of those disincentives that are currently there.

We're not saying that everyone should be working and, "Get those women back to work as fast as possible." Quite the contrary. We're just saying that the existing system we have makes it very hard for second earners to return to work and we're trying to overcome some of the disincentives that apply in the current tax transfer system. Now, those disincentives are faced by women who are contemplating returning to work, so again that's one of the rationales for focusing our scheme on looking at the disincentives for those women and that's some of the features of our scheme - - -

MS BRICK (WAA): But your scheme essentially will do nothing for them, because you're talking about women who are already in the paid workforce and they're getting a paid parental leave. If you've got someone making that transfer back to work, they're still under the maternity allowance or under the tax transfer system, which we can't address here. So your paid parental-leave scheme is still only for the women who are in the paid workforce.

MS MacRAE: It does give them some incentive to requalify though, if they're thinking of having a second or a third child. For those people it does make a difference, and that's quite a substantial portion of those women. For them, there's an incentive there to return and we're expecting that will make some behavioural difference. Now, we don't want to overstate it; it's not going to be massive, but it will make a difference, so that's one of the things that it does.

MS SMIT (WAA): When you say it's going to allow some women to stay out longer, how many women return within six months?

MR FITZGERALD: Currently 70 per cent stay at home; 30 per cent return in six months.

MS SMIT (WAA): So it's that 30 per cent.

MS BRICK (WAA): The breakup of the 70 per cent is either high-income earners or the very low-income earners, are the vast majority.

MR FITZGERALD: The break-up of the 30 per cent.

MS BRICK (WAA): Yes. According to the stats.

MR FITZGERALD: The 30 per cent. It's made up of both. Correct. What we anticipate will happen is two things. Firstly, low-income earners will now in fact be able to reach six months that are not able to currently do so, and to do so in a less distressed state, which we believe will have both maternal and child health and development goals, and I'm sure you agree. Secondly, those that are already taking periods of time up to six months will probably extend to nine months and beyond up

to 12 months. So what we'll see is we will see an increase in the amount of time taken. It will be more significant for low-income workers but it will be significant for all. There will be a group of workers who will return irrespective of the financial incentives that we put in place.

MS BRICK (WAA): That is their choice.

MR FITZGERALD: They are likely to be higher-income earners. So we will get no behavioural change in that particular group. Nevertheless, if it is a work-related entitlement, then it should apply to all women who are in the workforce. So yes, we understand that. So we will in fact see additional time away. Though in talking to all women who are in the workforce, all of them universally say that they would like to take more time off. We believe the payment of 18 weeks at minimum wage will have that effect. You're right, some will choose to return early, some will still have to return early; but we believe we will get additional weeks. The exact quantum of that is hard to estimate but it will be we think about an extra nine weeks.

MS SMIT (WAA): Thank you. Lisa has got a couple of other points she wanted to put in the commissioner's ear on behalf of Women's Action Alliance.

MS BRICK (WAA): We do congratulate you on making the maternity allowance un-means tested; that is as it should be. Just as a couple of comments before we get on to the other things, you were asking for some feedback upon the part-time paid parental leave. We certainly think that that's a very good idea. We are encouraged of course that if this proposal goes forward that women will be able to take more leave, if they wish to return to work. Of course, as we said, we do actually agree encouraging taking into that the normalcy of having a paid and caring workforce, as a lot of women will eventually end up in the paid workforce.

There is an issue which is only mildly addressed; you've got the issue of superannuation. Your aim is to try and increase the lifetime benefits of earnings of women in the paid workforce. As this is less than half the women giving birth, have we considered making any proposals about trying to increase the superannuation content of women who are at home who are taking extended leave? Okay, and these women at home, they're usually at home for the time until, say, their youngest child is in school or halfway through school. Have you considered at all finding a means whereby some part of the maternity allowance or increasing the maternity allowance with a portion of it going to superannuation? That proposal was put also by Fiona Reynolds from the Superannuation Commission. Does that come under any consideration?

MS MacRAE: This also goes back I think to the issue around the prime goals between the systems, okay. So one of the reasons that we have suggested super for the paid parental leave is that super entitlements generally apply to other kinds of

leave and payment that people get. So to normalise it as much as possible, and I agree we have decided that for various reasons it's going to be primarily government funded. We thought business should make a contribution. Superannuation was a relatively easily defined assessment for employers to be able to make.

So that was one thing; from an employer point of view, we thought it was relatively easy to define and a relatively modest payment and that there were some benefits in having a super payment. Having said that, if financial constraints are the main issue and concern, then people may actually value more having the money now than having it put away for them, and I think that issue would come up in relation to the payments that are made for families where there's only one income-earner, that in fact they may well value having the money now rather than having it put into super for them later.

MS BRICK (WAA): That's fairly universal, Angela. Most people prefer to have the money now than wait, until you get to the age where you're trying to do that.

MS MacRAE: Yes. I mean, the government could mandate it if they wanted to, and I guess what I'm trying to say is that in relation to super we did wrestle with it. What I'd say is we'd be more likely to, I think - and Robert might disagree with me here, but I think at this stage I'd be more disposed to saying let's make the super an immediate entitlement somehow for those that are under the paid parental leave scheme, than offering super to those that are not under the paid parental leave scheme.

MS SMIT (WAA): That just means they're getting left out again.

MS MacRAE: Well, if it's about what's the relative need here and where is the biggest benefit for the person that you're paying.

MS SMIT: The relative need is going to be the woman who takes extended periods out of paid work because when she comes to retire her superannuation will be much more than the woman who has maintained her - - -

MR FITZGERALD: I think that, as part of the Henry review into both tax and welfare payments or tax and social transfers that's currently under way, no doubt there will be some consideration about lifetime and lifelong retirement arrangements for people. I think superannuation as it has been characterised in Australia is a work-related issue, superannuation is. Whether or not the government is predisposed to look at a scheme that deals differently with retirement income for those that are not in the workforce I think is a legitimate issue to be looked at, which is your point. But the way we have constructed super in Australia so far is very much a work-related issue.

I think that the issue about the wellbeing of women who have been out of the workforce for a long period of time does need consideration. Whether that means extending the superannuation scheme by some means to that group or another means, I think is an issue. For us, we can only deal with the parameters that we have, and at the moment superannuation is, for better or worse, a workplace-related issue, or a workplace-related entitlement. Of course in its earliest days, as you know, it was a trade-off for foregone wage increases, although that's less the case today. So we hear that and I understand the ultimate objective, which is not to disadvantage women out of the workforce in their older ages. But whether or not extending superannuation is the right means to achieve that, this report can't deal with that issue.

MS SMIT (WAA): One point we perhaps would like to reiterate is that those women who are at home caring for children, or perhaps caring for their elderly parent, are part of the Australian workforce. The Australian workforce has paid and unpaid sectors.

MR FITZGERALD: We have been very conscious in this report to acknowledge the merits of that and we continuously try to talk about paid workforce as distinct from workers and workforces. Whether we have succeeded in doing that, I'm not sure. I just want to make the point that at no stage in this report have we made a judgment as to what is more meritorious.

MS SMIT (WAA): No, but in what is more worthy of financial support by government you have made a judgment.

MR FITZGERALD: At the moment the Australian government provides between 14 billion and 15 billion a year for families.

MS SMIT (WAA): Yes, it does.

MR FITZGERALD: The question is not whether the government should provide more support, the question is whether the government should introduce a scheme that is deliberately designed to have behavioural impacts for women who are currently attached to the workforce.

MS SMIT (WAA): So it's not about assisting families to afford to have a child?

MR FITZGERALD: No.

MS MacRAE: No.

MS SMIT (WAA): It's about getting women back to work really.

MR FITZGERALD: No, it's about assisting women who are currently attached to

the workforce, and the reasons for doing that we have articulated.

MS SMIT (WAA): Yes, I understand.

MR FITZGERALD: If you wanted to increase the amount of money that goes to families, just increase the current welfare payments, including the baby bonus.

MS SMIT (WAA): Family tax benefits; they are not welfare, commissioner.

MR FITZGERALD: "Welfare" is not a terrible word; I have lived my life in the welfare sector.

MS BRICK (WAA): Unfortunately the media are pulling it on as a terrible word.

MR FITZGERALD: Yes, but, look, we're not worried about what the media does.

MS SMIT (WAA): As soon as it's seen as welfare, it's seen to be means-testable.

MS BRICK (WAA): And it's seen to be something to take off.

MR FITZGERALD: Australian families receive, you know, over 15 billion dollars a year in assistance.

MS BRICK (WAA): They do.

MR FITZGERALD: If your argument is that the government should increase that, that's a legitimate argument you can put. However, the purpose of a paid parental leave scheme is not designed to put more money into families' pockets because of the cost of bearing children. It's in fact to achieve changes in behaviour for those that are attached to the workforce, and that can't be achieved through our current system and it can't be achieved by increasing the baby bonus.

MS BRICK (WAA): How can it not be achieved through our current system if we allow and understand that people have choice? I suppose this is where I'm falling down. Why can't we have an equitable system and then the people have the choice?

MR FITZGERALD: They do.

MS BRICK (WAA): Yes, but why are we rewarding one choice over another choice?

MR FITZGERALD: We're not.

MS BRICK (WAA): Well, this is where we might have to disagree.

MR FITZGERALD: We're acknowledging the different needs of one. I have to say I find that a very implausible argument, that because you don't make an equal payment you're awarding people. They are different circumstances.

MS BRICK (WAA): That's how it's generally seen there, if you go out into the community.

MR FITZGERALD: Yes, but can I propose to you that we have tried to indicate why that is not so, and the continued assertion of it doesn't make it so. We're not disadvantaging women who stay at home and we're not advantaging women in the workforce; we're acknowledging their different needs.

MS BRICK (WAA): I think the brunt of this issue comes to - - -

MS SMIT (WAA): That's an argument I think is hard to sustain when you see the numbers, when you put the numbers down, as to what government payments are available to families that retain one worker in the workforce, two parents in the workforce, and ones that make the other choice. Just put the numbers down and look at the result to that family's income.

MS MacRAE: There's two other points I'd like to make and I'm not going to convince you here today, but there are two issues that I think are important. One is that we're deliberately increasing the financial benefits available to families in that initial period immediately after birth because a prime aim of our scheme is to try to get those families that don't currently feel that they can have the financial wherewithal to be home for that first six months of their child's life that this will give it to them, the vast majority. So generally women won't feel for financial reasons that they must go back to work because they've got no other alternative, even though we think from a public policy point of view as well as for the benefits of the family themselves, the child themselves and the mother and father, that there are private and public benefits for a family unit to be able to have a prime carer at home for that first six months.

Now, if you like, we're front-ending that benefit by making sure that if we're giving that 18 weeks it's very likely that most families won't have a financial imperative to have to go back to work for that first six months.

MS SMIT (WAA): Most families don't go back now.

MS MacRAE: That's not an issue that families that have a prime carer at home already face. Having said that, we're talking about 18 weeks at the minimum wage. For families that are on a single income, they're likely to be receiving benefits for an extended period for that child and maybe until the child is 16. But a family that has a

mother that returns to work and then there's two incomes and they turn out to be better off financially, well, you lose a lot of those other benefits.

So if we're talking about equity to the family unit over a longer period - and I take Robert's point, but I wouldn't say that equity means equal treatment - in terms of government payment, over the lifetime of that family, I don't think that as a result of this scheme you'd see that single income families suddenly drop relative to two-income families because we're only talking about 18 weeks. So I think that it's important to look at it in terms of a lifetime sort of issue for the family unit as well. So just remembering we're talking about 18 weeks and we're talking about the minimum wage. So it's not means-tested, but it's capped, which is essentially a very similar thing. The families that will do best out of that relatively will be the women on the lowest incomes.

MS BRICK (WAA): Which is good.

MS SMIT (WAA): You mentioned before that 30 per cent of mothers return - - -

MS MacRAE: Within six months.

MS SMIT (WAA): What, did you sift out what proportion of that 30 per cent are the low income people? You said some of the high income people.

MR FITZGERALD: Yes, we've done an analysis of that. I can't give you the figures today, but we've looked at that and there's a split between the two. In the higher income earners are also self-employed people. Now, they are likely to return because they're running their own business. Again, our scheme now for the very first time extends to contractors, self-employed, part-time, casual, full-time. This is a scheme that, if you want, recognises for the first time a whole group of people that hitherto have not been acknowledged. We would have thought from a women's advocacy that's a very big move forward.

MS SMIT (WAA): Well, that's an inclusive aspect of it whereas we are pointing, as one of the major downfalls, the very exclusive aspect of it.

MR FITZGERALD: Look, we acknowledge we're not going to come to an agreement on - - -

MS SMIT (WAA): Well, most women aren't going to get anything, are they? 145,000 are not going to qualify.

MR FITZGERALD: No, let me be very clear. Australia did something very unusual compared to the rest of the world. We did two things. Instead of introducing a paid parental leave, we introduced, one, a right to return to work for

52 weeks, which is about to go to 104 weeks. Secondly, instead of putting a paid parental leave scheme in place, we put in a universal baby bonus, which is quite a generous amount relative to the rest of the world. Had the baby bonus not been introduced, we'd be having a very different conversation than we are today. But Australia has already recognised the costs associated with having children through that very substantial payment. That payment is in recognition of families that are at home. Our scheme is recognising specific needs of people attached to the workforce. This is not a contest between mothers.

MS SMIT (WAA): No, not at all.

MR FITZGERALD: But also can I make the point that if you're concerned about choice our scheme adds to choice. It allows women to make choices better than they were prior to the introduction. So even, I would hope that it's acknowledged, that whilst we obviously disagree with what is equitable treatment of families, ours actually increases choice for a very substantial proportion of mothers with newborn children.

MS SMIT (WAA): Well, it seems to be some part of that 30 per cent, doesn't it, that you're actually increasing choice because most women are staying out beyond six months now.

MR FITZGERALD: Well, particularly increasing choice for those that are at or below - - -

MS BRICK (WAA): Or the low income, which could easily just be achieved with increasing the maternity allowance as well.

MR FITZGERALD: No, that's not so. That is why the design features in this report are so important. That is not so. Throughout the world, it is the design features associated with these schemes that makes the difference. It is not simply the payment of a lump sum through the tax transfer scheme. That is not so.

MS BRICK (WAA): No, not a lump sum, but an increase in - - -

MR FITZGERALD: No, it doesn't matter. It's not just about increasing money.

MS BRICK (WAA): Well, they're only going back because of money.

MR FITZGERALD: No, well, we're not going to agree, because the research is completely different to that.

MS BRICK (WAA): Okay.

MR FITZGERALD: If you believed that, then you would be believing that all of the behavioural changes that you want in society can be achieved by simply increases in tax transfers, and that's not so.

MS BRICK (WAA): No, you certainly can't.

MR FITZGERALD: The design features in this scheme are critical to achieving the outcomes that we've set. It is simply not about increasing the amount of money by itself. That won't achieve those goals.

MS BRICK (WAA): Yes, we'd agree with that. Just a couple of other points. We've also got an issue with the leave requirements. Now, I'm assuming that if women take the unpaid parental leave, or the fathers, whoever, they are still then entitled for the 12 months unpaid leave after that.

MR FITZGERALD: This sits within the unpaid period so you've got the 12 months, the 52 weeks, which is about to go to 104. Paid parental leave sits within that, not additional to it.

MS BRICK (WAA): It sits within it, not additional to it. Okay. So there's no requirement for the return to work. You have asked in your report that we extend the leave notice from four weeks to six weeks. I was interested to understand why make mothers different to any other employees, or were you suggesting a national standard increase for all employees?

MS MacRAE: At the moment, you're required to give four weeks' notice of when you're going to start your leave. The reason that we've asked for six weeks is that, through some of the other elements of our scheme, we are putting some additional costs on employers. One of the ways of mitigating some of those costs is to give them a bit more certainty around the time frames and the preparation times they have for anticipated leave absences. So the six weeks is partly because we're trying to mitigate the costs for employers so we're adding a financial cost but we're hoping we take away a bit of the disruption cost for them because it makes it a bit easier with a bit more notice.

In speaking to New Zealand, where they've introduced a paid leave scheme about seven years ago now I think, they've told us that that's turned out to be one of the major issues for their business, that an increased leave notice by a couple of weeks makes a substantial difference for employers in terms of dealing with that disruption. In general, we wouldn't see that that would be a big additional burden for families in terms of giving notice about when they're expecting to take leave. Now, obviously, if the baby comes early and you need to change the date, well, that's fine. It's for anticipated leave so it's more about return dates rather than the date that you take the leave.

MS BRICK (WAA): Yes, everyone knows you're pregnant a long time before you get there.

MS MacRAE: That's right. The other reason we think that it might be easier for employees to give that notice is that by providing this government underpinning one of the main reasons that employers and employees were telling us that employees were returning early was because they thought they could last for a certain period and then they find that financially they can't, they need to come back earlier. But because we'll now be providing a government underpinning payment there the relative financial certainty that families face will be enhanced. So giving that extended leave notice on return dates should be hopefully a little easier for them to manage as well.

MS BRICK (WAA): Well, that's fine and good for the employers, but employers have to cope with employees moving around all the time so I actually don't see that there's any great need to change the leave period.

MS MacRAE: The notice period.

MS BRICK (WAA): The notice period, sorry. They've usually already got someone in place filling in the maternity thing if they're going to do that. I just didn't see the need for the change in that they'd be treated different to any other employee as it's a normal business practice that you have to deal with people leaving. Sometimes you get four weeks' notice and sometimes you actually don't. Some people just get up and leave. As we're talking about in your model, particularly it's a big impact on small business, and you're talking about a relatively small impact then as well just on only a minority of employees sort of thing within a small business. Your own model suggested that there's not that many women it will be affecting.

MS MacRAE: Sure, it's a small number.

MS BRICK (WAA): Yes, so I don't see that we need to make that change. I mean it's really - it was two issues, but the New Zealand experience we thought was instructive in that they said it was one of the things that employees - - -

MS MacRAE: We may as well give it to all employees then and make life easier for them.

MS SMIT (WAA): Could you just kindly remind me - I did read the report thoroughly when it first came out - with the employee's upfront payment - employer to the employee - you have, I presume, excluded very small employers like the hairdresser who employs four girls.

MS MacRAE: In terms of having to pay it.

MS SMIT (WAA): Well, the employer - the hairdresser who employs four women in the salon and two of them have a baby in the same year, will she have to make the upfront payment?

MS MacRAE: No, the government pays that.

MR FITZGERALD: Well, the government pays the employer.

MS MacRAE: The government ultimately bears the cost.

MS SMIT (WAA): Yes.

MS MacRAE: We've said that employers will generally make the payment in the first instance and then claim reimbursement, but if the employer is small enough that they're not making monthly pay as you go payments to the tax office, then the government will just pay that directly. So for very small employers, they won't be in that pay as you go withholding system monthly and so they won't make the payment initially.

MR FITZGERALD: We're out of time.

MS SMIT (WAA): Yes, we are.

MR FITZGERALD: Are there any final questions or comments?

MS BRICK (WAA): I think we'll just have to agree to disagree on the definition of equity, commissioners.

MS SMIT (WAA): We're a bit worried that we're all wasting our time anyway compared - seeing the reports we're reading in the media about what Mr Scott and Mr Rudd are saying about paid maternity leave - we mightn't be able to afford it.

MS BRICK (WAA): No, that's a good discussion to have.

MR FITZGERALD: No, let me make the point, the fact that you disagree doesn't mean you're wasting your time at all. It's important to put those views and I might say that we're very conscious of it. When we looked at this - and I know there's another presenter that would have similar views to yourself shortly - we were very conscious of the issues that you've raised and we considered them in detail. The fact that we're able to respond to you the way we have is because we have thought about them so carefully. The fact that we came to a different position at the end, well, that's the great thing about open public policy processes.

MS SMIT (WAA): True. I also fear that if you'd gone back to the government with our position you would have been in hot water, especially in view of the minister for women.

MR FITZGERALD: That certainly wouldn't worry us. Being in hot water is not a problem for the commission.

MS MacRAE: We're convinced of that. In fact that's where we spend our life.

MR FITZGERALD: Thanks for that.

MS MacRAE: Thank you very much.

MR FITZGERALD: Everywhere we've gone, we are getting representatives putting similar views to yourselves.

MR FITZGERALD: and the organisation you represent and, as you have been observing, just some opening comments and then we'll have a discussion.

MS FRANCIS (EF): My name is Mrs Babette Francis and I'm the national and overseas coordinator of an Endeavour Forum incorporated. My colleague is Mr John Morrissey who is representing the Australian Family Association.

MR FITZGERALD: Good. If you could just give your opening comments.

MS FRANCIS (EF): The previous submitters have covered some of the ground we wanted to cover so I won't belabour the point about equity, but we would reiterate that we want equity between mothers in paid employment and mothers in the home. Your statement that giving different amounts to different people according to their needs, that's a very socialist and Marxist statement from those who have the means to give to those who have a need - that's a socialist policy. We believe there should be equity so that people can make their own decisions and choices about the workforce. The point I want to labour is that you're named the Productivity Commission and to emphasise what the previous submitter said, the women in the home are also producing, and in my preliminary dot-point submission I gave the example of a ham sandwich.

If a mother at home makes herself a ham sandwich for lunch, the ingredients are counted in the GDP; if she buys it at work, the labour as well as the ingredients are counted. So the country is getting a completely false notion of what the GDP, the production, is in the country by ignoring the production in the home. The more you provide incentives for mothers to re-enter the paid workforce, you should also be conscious that you're reducing production in the home. An example with the ham sandwich is probably not that important - because the one in the commercial place was more likely to spread gastro, but regardless of that - what is very important is you're losing the production in terms of caring for children in what is the optimal way.

I commend you for recognising in your report that children are best cared for by the mother in the early years, but by providing this incentive for - throughout the report the tenor is an incentive for making it easier for women to take a few more weeks off but then to get back after 18 weeks or six months. Six months is a totally inadequate period. That's the time when babies are starting to crawl, to smile, to interact, and it's terrible that they're deprived of their mothers at that stage. What we have proposed is an expansion of the baby bonus: call it a maternity allowance; pay it over instalments over a year if you like, but increase it to eight or nine thousand dollars; make it not taxable and not means tested, but pay it in instalments to stop people spending it on the myth that mothers spend this on the LCD TV screen or at the local pub.

I do emphasise the production issue because I believe the world is in an economic mess at the moment because they have not recognised the genuine production of women in the home - the domestic production - and they have given a lot of value to people who shuffle papers, share portfolios from one investment to another, and actually have produced nothing. I've got children who work in this area and I know they've produced nothing. They have just bought and sold things which don't even exist and that's why everybody - the whole world is in an economic mess. So I suggest as a productivity commission you really look at production - genuine production.

I have quite a bit of experience of families. I have eight children, 18 grandchildren and one great-grandchild. I have worked all my married life - worked really in the paid workforce as well as domestic work because I have been in the fortunate position that I could work from home and I was not separated from my babies. I have been a freelance writer and broadcaster, and I worked as a legal secretary, but all done in home. I was never separated from my preschool children for any length of time. I realise I have been tremendously fortunate in having this option, and I would like all mothers to have this option because I think the ideal for many mothers is to be home with their preschool children and then either re-enter the paid workforce or do something from the home, but part-time - that's the ideal that women want. I can't see your report really helping them achieve that ideal.

I do commend you for giving consideration to breastfeeding. This must be one of the first government reports that actually considered this in depth, but the period of 18 weeks is totally inadequate. The World Health Organisation recommends exclusive breastfeeding for six months and this can't be achieved if the mother is separated from her baby because, to keep up the milk supply, you need frequent feeding on demand and the baby must be with the mother. I was amused and I rejected the opinion of Suzie, who made a submission in your report, who said she worked full-time and her husband brought her baby to her twice during the day and it only took 15 minutes. That is just rubbish. A baby needs more than 15 minutes for a feed and you need the time after the feed to change the baby, to smile at it, to play with it, to interact with it; I would say a minimum of half an hour per feed. A lot of that is social interaction. I am a trained breastfeeding counsellor with La Leche League in the United States, which is the premier breastfeeding organisation in the world, and one of our principles is that the baby's need for food is as great as its need for its mother. So we do not recommend the separation of babies from their mothers for any length of time.

The other issue that your report does not address is the fact that women in the paid workforce are already taxpayer subsidised with the child care subsidies and we think it's absolutely outrageous now that ABC Learning centres have gone broke and another chain in New South Wales - CFC I think they are - they have gone broke as

well and the taxpayer is again being forced to bail them out and subsidise them some more. That's we, the hapless people who care for our own children. We don't approve of long day care for preschool children. We know that many mothers are coerced into this because of family circumstances; if they want to buy a house, two incomes are necessary today. So we haven't improved from the 1950s when one income could buy a house and now it's two incomes. So a lot of women, especially in the lower, relatively unskilled, non-tertiary educated section of the workforce, are really forced to go back into work when they needed to pay off their mortgages. Something should be done about that. If you recognise the production in the home, maybe something will be.

You have mentioned in your report the Henry review of taxation and I think that you should not make your final report until the Henry review is available because I think the maternity leave thing is adding another layer of complexity to the taxation, welfare, family tax benefit, superannuation thing - the whole thing is a big boondoggle. Even tertiary educated people like my husband and myself, we have to employ a tax person to do our tax return and another specialist to do our superannuation. This is ridiculous. Intelligent couples should be able to do their own stuff. I have complained to Peter Costello, who is my federal member, and I said, "What kind of system is this that Charles and can't do our own taxes," and he acknowledged it. But you've got to simplify the system, so I suggest you don't add this layer of complexity to the whole thing until you've sorted out not only the tax system but the child care subsidy system. This is terrible that the government subsidises. They subsidised ABC Learning Centres to 50 per cent of the costs of child care, taking it from the tax payers. They've paid I don't know what sort of dividends to their shareholders. They've gone broke and we're bailing them out again. So that's got to be taken into context with this maternity leave.

If you have, as in your report, incentives for mothers to return to the paid workforce, you're going to increase the demand for child care subsidies for inferior child care for lower rates of breastfeeding. Australia is one of the poorest rates among the developed countries. The World Health Organisation recommends breastfeeding for at least two years, you know, with other food, but exclusively for six months. This can't be achieved with eight weeks of parental leave so give all mothers a hefty maternity allowance, not means tested, not taxed, but maybe over instalments.

There's a tremendous period of economic turmoil at the moment. Australia is probably one of the fortunate countries that are not actually going broke. But a country like Iceland, which had all this gender equity and feminist policies and so on, they're bankrupt, the whole of Iceland. They can't pay their bills. So we don't want to fall into that mess. I think maybe we're slightly better off because there has been a lot of domestic production in women doing work in the home, caring for their own children, perhaps when they need babysitting using grandparents or relatives rather

than using formal day care.

I know that recently we had a branch of a political party that we belong to and we were looking at our accounts and we had a small increase in income from an interest payment of 10 cents, and a member of parliament who was at that meeting he laughed and he said, "Couldn't you do better than that?" and I said, "Do you realise we're doing better than Lehman Brothers, for example." So don't despise the little producer, the home economy, the parents who are not bankrupt because the rest of the world is. Anyway, I'd be happy to answer your questions.

MR FITZGERALD: Thanks very much. You started off by making the point - - -

MS MacRAE: Sorry, would you like to say anything?

MR MORRISSEY (AFA): I think Babette has covered much of what I would like to say. Really I would like to say that this is superior to the current situation in that it does remove the necessity for some people, some mums to go back to work within weeks of having a baby and I certainly won't argue with that. However, so much of the rationale behind the paid maternity leave on the assumption that it is facilitating, encouraging mums to go back to work even if after 18 weeks, we certainly dispute that. I would echo the rejection of the distinction between a benefit and leave when the money is paid for by the state and also emphasise, as Babette did, that you can't look at this in isolation because we have the baby bonus, we have family tax benefits A and B and I believe certainly and we believe that family tax benefit B is an area that really needs to be looked at to be increased rather than kill, as I think the current federal government would like to do. I think it has the potential to solve so much of this problem if it were extended.

We have child care payments and rebates, as Babette has already stated, and other family allowances largely to unemployed and single mums. We have already been through the difference between equal and equity, so I won't look at that. I would like to emphasise the amount of evidence-based research on the necessity for three years' - at least - contact between child and mother or parent or special person and all of the evidence states that and I can show you a raft of it. I could also trot in two young women in their 30s, both with a lot of experience in child care who are doing it tough financially on their husband's incomes because they are adamant that they don't want to put their kids into child care because of what they saw in their careers in it.

When you look at the aims, apart from family-friendly aims behind the paid maternity leave proposal, the measurable outcome is an economic one and there is a strong ideological one there too. You will notice Mem Fox almost got the Ernie award last night for suggesting that long-term day care is a form of child abuse. Someone just beat her for that award apparently. But when you look at the economic

aims, they're not as open and shut as they seem. The idea of retaining skills of mothers in the workforce to make sure that they are not excluded in the future by reasons of prolonged absence while child bearing, the stars of all the back-to-work programs are mothers returning after their children go to school. The long-term unemployed, unfortunately, are not doing very well in those programs, but mums who have been out for, say, seven years; they're the stars in those programs.

My background is in teaching and I have seen so many women come back after seven or maybe 10 years and they have been absolutely brilliant. They have grown up in the interim and in terms of their perspective on the profession they are just rejuvenated and they're still in it now at 60 when I retired at 55.

Increasing the income tax base has an effect of churning, but Babette has already been through that. She has mentioned the consequences of expanding institutional child care and making false inflation of the GDP. I want to also mention that increasing house prices - we now have houses which cannot be afforded by a whole generation because house prices are now tied to family income rather than adult wages. For decades there has been a ratio, quite a close tie between those two things; adult wages and house prices. Now it's family income and there is a conscription of mothers into the workforce, not just by government, but by economic and social expectations which has locked a generation out of house ownership until we have the big crash, which may still happen.

I could go into the disadvantages of long-term day/child care but there are just pages of research and the AFA submission earlier this year detailed that in the index, so I won't take up any more time.

MS FRANCIS (EF): I just want to add one point to my submission. The word "gender equity" or that concept runs through your report and while we think it's great for fathers to be involved in the care of their children, we would not like to see any expansion of paid paternal leave in the first two years of the child's life because of the breastfeeding relationship. We think it's very important that the mother be with the child for that time. But, again, we don't want to be coercive about how families divide their family responsibilities, but if it's going to be taxpayer funded, then the government should have a preferential option for the mother to be caring for the child during the period when the World Health Organisation recommends breastfeeding. But we are happy with the paid parental leave.

It was not clear from your report, does that paid parental leave apply to single income families where just the father is in the workforce? Does he get two weeks' paid parental as well as self-employed fathers?

MR FITZGERALD: Just on the last one, clearly in relation to the parental leave, as distinct from the paternity leave, it first goes to the mother of the child and she

then can transfer that to the father or partner. So that can happen at any stage that the woman sho chooses. The reason it starts with the woman is because the woman has the child and clearly will be taking some time off to care for the child after the birth. But it can be applied to a father in that environment. In the very rare occasion where the mother is not caring for the child at all and the father lives away, that probably could occur as long as the father is primary carer.

MS FRANCIS (EF): No, I'm talking about the single-income family where the father is the sole breadwinner and the mother has a baby, she hasn't been in the workforce or whatever, does he get - - -

MR FITZGERALD: No, she has to be attached to the workforce.

MS FRANCIS (EF): She has to be attached to the workforce for him to get the leave, so what about your - - -

MR FITZGERALD: To get the parental leave, not the paternity leave.

MS FRANCIS (EF): What about the paternal leave, he doesn't get that?

MR FITZGERALD: Yes, he does.

MS FRANCIS (EF): He does.

MS MacRAE: He gets paternity.

MR FITZGERALD: If the mother - - -

MS MacRAE: So the two weeks.

MR FITZGERALD: - - - has never been in the workforce, but the father is, he can access the two weeks.

MS FRANCIS (EF): The two weeks?

MR FITZGERALD: Yes, absolutely. That's important because his role is to support the child irrespective of whether the mother has been in the workforce or not.

MS FRANCIS (EF): We support that because that is equitable. But we don't want you to start another what they call "mummy war" where you pit women in the home against the - - -

MR FITZGERALD: Can I just go back a little. We just have a few moments. The first is that you start off by indicating that my view about treating groups

differently was socialist. I doubt that's true. But, more importantly, this scheme, would you not acknowledge, actually achieves what you said should be achieved, which is greater choice? If this scheme were to be introduced, do you acknowledge that for many women their ability to make choice has been enhanced?

MS FRANCIS (EF): It may for those women, but it decreases the ability for other women, for the taxpayer, for the single-income family, because they pay more taxes to support this, so it decreases the choices for the other lot. You know, you're dividing women and families into two groups, those where the mother has an attachment to the workforce and those who - - -

MR FITZGERALD: But do you acknowledge that because 75 per cent of women are attached to the workforce now, of childbearing ages, that their needs may require different responses to those that are not attached to the workforce?

MS FRANCIS (EF): Clearly every family has different needs; that's not the issue. What I'm saying is you're advantaging one group at the expense of another, if it's taxpayer funded. If it's employer-funded, that's a different matter.

MR FITZGERALD: The third thing is, how is one advantaged over the other?

MR MORRISSEY (AFA): If the woman who takes paid parental leave doesn't go back to work eventually because she has taken her choices, well, she is definitely advantaged over the person who had no intention of going back to work. She is financially advantaged by several thousand dollars in that first year.

MS FRANCIS (EF): Or who was never in the workforce because she got pregnant as soon as they were married or even before they were married.

MR FITZGERALD: During that time away she has foregone a very substantial income. So at the end of the time, if you actually did an analysis based on the relative positions, she would be much worse off than the mother who had stayed out of work of course for a longer period of time during that 18-week period. In other words, when you look at advantage and disadvantage, it's not just the payment by the government, it surely is the net position of the woman over that time.

MR MORRISSEY (AFA): I can't see it.

MS FRANCIS (EF): But that applies to anyone who is not in the paid workforce or leaves the paid workforce or is unemployed; you know, they're forgoing salary.

MS MacRAE: I think also where we got to with the previous presenters - and it's essentially the same issue and so I think we have agreed we don't really want to go over the same ground. But I think the key issue for us is what are the objectives of

this scheme and how can we best meet those at least cost. In some of the introductory comments we talked about some of the other countries "going to hell in a hand-basket" because, you know, they have spent too much and whatever.

If we were to substantially increase payments for families, off a base which is relatively high compared to other OECD countries already, that was not means-tested, that was not taxed and that was made available to all families, what we could provide to those women who are currently least likely to be able to stay out for that six-month period would be less, because if we have got a set budget it's going to be harder to find the money to give those women that are least likely at the moment to be able to stay home for that six months the opportunity to do so. So one of the key things that we were looking at in the design of our scheme is to say, "Which families have got children at the moment where the mother is not staying home for at least that important first six months?"

We agree with you that even for the first year, and perhaps even up to the first three years, there's some evidence that it's beneficial to have one-on-one care for that child from a primary caregiver, but the biggest benefits, if you like, the most critical period, is that first six months. We think for various reasons we have been forced to government funding primarily, although in some ways that wouldn't be our first best option, but it's the one that we have had to stick with. We have got a finite budget obviously, so our key critical thing was in terms of that first very important aim of getting people to be able to stay home for that six months.

Where can we put those funds to get that benefit? Although we have come out with 18 weeks and there's a concern there that somehow we're flagging that it's important that women return quickly, the reason we have chosen 18 weeks is that we think that for the vast majority of families, looking at the existing leave patterns, that the vast bulk of families won't be forced back for the first six months for financial reasons, and that's the way we have designed the scheme.

MS FRANCIS (EF): But I think then you should be doing it in conjunction with taking into account all those women, the particular women you're talking about who are coerced back into the workforce for economic reasons, why not wait for a review of the taxation system and have income-splitting family unit taxation - you know, reduce the tax burden on the wage earner, that would be another way of addressing it which would be far more just and would simplify the whole system.

You're adding another layer of complexity of incentives, disincentives, you know, to an already big boondoggle, why not recommend income-splitting and/or family unit taxation, like they have in France, where virtually the parents who have three children, you know, the mother doesn't have to or the father doesn't have to go out to work, the family allowances are so generous. That's the way to do it, you know, so that it addresses all those, the ones who have a genuine career attachment. You

know, like, I love writing and I'd write at night after my babies were asleep.

I wasn't doing it for the money but because I love doing it, and there are career women like that who are attached to their careers. But give the choice to the woman who is standing up in a factory and plucking chickens or working on an assembly line and is not emotionally or psychologically attached to her job but needs the money. So do it through family unit taxation; that's the other way to address it and that makes it much fairer. This is unfair.

MR FITZGERALD: No, it's not unfair. It affects people differently. Can I just make a comment. I find it very difficult, for your organisation, which is a proud supporter of families, to say that a scheme that particularly advantages low-income and disadvantaged women, particularly below minimum wage, extends the period of time they can take off, has demonstrable improvements in both maternal and child wellbeing, is unfair because another group doesn't get exactly the same benefit.

MS FRANCIS (EF): No, I'm saying even though women don't get it, because you're giving them an inferior option, you're saying go back into the workforce and put your baby in day care, or whatever; that's not the best option. The lower-incomes even more than the higher-income women need to be home with their babies, for their babies health and emotional and mental development and their IQ and so on. There's evidence that breastfeeding increases - - -

MR FITZGERALD: Sure. We have got all that; I mean, we support the evidence.

MS FRANCIS (EF): You said you're helping them to get back in the workforce; no, you should help them to stay home.

MR FITZGERALD: I thought you started by a premise that said choice and that weren't prescriptive about how families should live their life. That's exactly what this scheme seeks to do, give people greater choice than they have currently. That surely is what you're about. Or is it really about, say, that you don't believe that choice to return to work is an appropriate choice?

MS FRANCIS (EF): I don't think it's an ideal choice, no.

MR FITZGERALD: Because the current system does in fact reduce choice, ours improves it; you have acknowledged that.

MS FRANCIS (EF): I'm not saying the current system is ideal. Also it was not clear from your report whether the employers who currently fund maternity leave - are they going to continue doing that or what is going to happen? Are the taxpayers going to fund that as well?

MR FITZGERALD: No, we anticipate that the voluntary schemes would continue to be maintained but slightly modified in character, and that's what most employers have indicated to us so far.

MS FRANCIS (EF): I think the employer would have rocks in his head if he said to his employee, "Look, the government is going to fund your maternity leave. I'll give you something else."

MR FITZGERALD: There seems to be a fundamental disconnect. The reality is that most women work and most employers want women to be able to stay in employment with them.

MS FRANCIS (EF): Excuse me, sir; all women work. Some women get paid for what they do. Let's get that clear.

MR FITZGERALD: Yes, we're very conscious of that and we have made an effort to deal with that. But it just seems to me a disconnect between your argument about choice and the recognition that in fact many women choose to and need to work in the paid workforce, and our scheme enables them to make that choice. It makes it easier for the employer to maintain connectedness with that employee. It's not a war between two groups of mothers; it is in fact enhancing choice. In your opening comment that as you've gone through it, and you're quite entitled to hold it, I get a sense that you believe one choice is completely inferior to the other, and our scheme promotes one choice over the other, and I don't think that's so.

MS FRANCIS (EF): I think it's inferior in relation to the care of the children, because somebody has got to care for children under three years of age, and there's a lot of evidence that long day care is not good for children. I've got a whole book on this; *Who Will Rock the Cradle*, which you're welcome to have. There's all the infections they pick up, the - - -

MR FITZGERALD: No. Look, this report obviously doesn't promote formal child care.

MR MORRISSEY (AFA): No.

MR FITZGERALD: Clearly it doesn't. If you read the report, you would understand that our report certainly doesn't promote formal child care as an acceptable alternative for very young children.

MS FRANCIS (EF): But do you understand the taxpayer now has a very heavy tax burden. It's likely to be even heavier with all the economic problems.

MR FITZGERALD: Sure.

MS FRANCIS (EF): If you want to tax him - and I'm saying "him" because generally the man is the wage-earner - if you're going to tax him even more, to provide 18 weeks of paid maternity leave for women in the paid workforce, you're going to reduce this choice about enabling his wife to remain out of the paid workforce because that's what she wants to do. So, you know, in that sense it reduces the choice, and that's why we're saying please be equitable.

MR MORRISSEY (AFA): In fact if you doubled Family Tax Benefit B you would give real choice. At the moment even if you have three children under five you would still just get the \$3700 for Family Tax Benefit B and that is the only thing, the only real incentive, for the stay-at-home mum. If you doubled that you would give real choice, if you retained the baby bonus. You certainly would.

MR FITZGERALD: We're going to run out of time so just answer my one or two last comments.

MS MacRAE: I think we probably should move on because otherwise we're going to - - -

MS FRANCIS (EF): I just want to see if an employer, if he knew that paid maternity leave, taxpayer-funded paid maternity leave was available, when he's negotiated with a woman of child-bearing age, he would not include it in his package. He would offer her a car or whatever instead. He'd say, "You can get this from the government. Why should I give it to you?" So he would reduce the 30 per cent of whatever employers are currently offering it. I can't see from an economic perspective, especially in these tough times, whether they continue to offer this if the government was going to fund it. So you're going to be funding it for 100 per cent of women, not the 70 per cent that you think. I have got a written submission covering what I've said plus a couple of enclosures.

MR FITZGERALD: That's fine. All right, thank you very much.

MS MacRAE: Thank you.

MR FITZGERALD: The next presenter is we're going to connect you up. Hopefully it works. Could you just give your name? You're representing yourself, I understand.

MS WALKER: Lots of organisations in the past.

MR FITZGERALD: No, that's okay. If you could just give your name for the record and then the presentation.

MS WALKER: Right. I'm Beverley Walker. I'm here because in 1978 I had a baby and there was no maternity leave paid or unpaid. I'd had a long time with my superannuation and I had to abandon breastfeeding and go back to work because we had to put a room on for the child as well, for the lovely baby. So my point here is not about arguing with six months' paid maternity leave.

Mine is about having it in order to continue breastfeeding, and I'm not going to argue either with the fact that breastfeeding women need to return to work, but who recommends six months' exclusive feeding - that means without any other liquid, cow's milk adapted, and then continue at least for 12 months with complementary food. My recommendation - one was to have paid parental leave for at least 12 months. The main reason is, as the lady before me mentioned, the child's right to the highest attainable standard of health, and the other one focuses on reducing infant mortality.

I don't want to go into great detail about breastfeeding and its benefits, but I'll try by pictures to let you get the message. Also, some of these may offend you, but I'd like you to think about why you were offended, and I did put a letter into my submission, which I had published in 2003 when Kirstie Marshall was thrown out of Parliament for breastfeeding, and I talked about, "The embarrassment of who?" Certainly not the baby and the mother. So I need you to think about that when I bring these slides up.

The woman on the left is not going to return or is unlikely to want to go back to work early, unless there's accessible child care and her employer is workplace friendly and mother friendly. If she can have lactation breaks for expressing the milk, which isn't as good quality as direct, but two of my daughters have expressed when they've had a baby in care, and they're fed by cup, rather than a bottle, and she's likely to remain focussed and loyal to an employer when he or she is worker friendly.

The woman on the right can go back to work because other people can feed her baby and that's generally what's happened, although her nurturing is interrupted. There is research-based evidence, however, that she is likely to have three or four times - and I think it's in your report - likely to have more ill health such as

gastroenteritis. Worldwide figures support this, and the fact that there are a lot of diseases and conditions, and as well as that, the mother benefits, and one of the important ones is breastfeeding related to cancer of the breast, or the lack of breastfeeding.

So I'm saying 12 months should be impossible, based on economic considerations. Then an alternative should be negotiated. Mother-friendly workplaces would give the lactation breaks. Some employers are putting a creche in their buildings. I've heard of that happening, and there is another way to negotiate that, and I have outlined that in the last paper I put in.

Working from home with a gradual return to work; maybe there's a way of spacing returns to work with the feeding. I worked with a doctor who used to rush home, knew the lights from the hospital to her home so she could get the breastfeeding in as soon as the phone rang. A lot of that happens, and I've been surprised in my 45 years of experience as a midwife, how many women actually have tried really hard to keep breastfeeding going.

Milk banks; now, I've visited two milk banks in the United States, and this is simply a fridge and a freezer, freezing the expressed milk, and this milk banking comes from other mothers who want to help with the feeding. Things like HIV are excluded because, well, virus, relatively speaking is bigger, and it gets sieved out. That's a very simple explanation, or wet nursing which has been in for centuries.

So I've brought in this slide here to talk about economic values of the woman who's breastfeeding, and World Health recognises that there is a health or a financial benefit and a cost with breastfeeding. The lady previously talked about unpaid work of the midwife mother, working mother, father and family. That is why I've got a faceless woman there. Midwives are faceless. No-one remembers that the midwife is with a woman right throughout pregnancy and 24 hours through the labour, and it's a midwife that calls when there is an abnormality. We are the carers, the full-time 24-hour carers in hospitals and we also are able to practise out in the bush, as I did, independently, and look after all sorts of situations.

The health policies that governments have, have protected measures for women who have babies, and some of them list things like some places are unsafe, such as railway yards or if there's metal work and that sort of thing going on. But I suggest, like parliament did, after Kirstie Marshall changed the gymnasium room into a breastfeeding room and upset quite a few people by putting a bottle icon on the door, but we changed that too.

Costs and savings related to variable feeding rates; now, depending on how long the woman feeds, but also child spacing can occur if you breastfeed through the night and don't have a longer than a six-hour break. So contraceptive works in

developing countries. That's why they have three years spacing mostly. I won't go into that but there is a cost saving in having child spacing through breastfeeding.

Mother and baby friendly hospitals; that's the one I thought you'd be upset about, so keep putting it up. Sorry. When midwives promote mother and - I was part of that scheme that UNESCO brought in where we went around and made sure that the rules of breastfeeding, if you like, were being followed. Then there's costs alternatively related to sterilising water and equipment to manufacturer formula. So they're economical and environmental costs. This mother of the neonatal newborn who is premature or very ill needs to supply breast milk and we have a well-known situation at our children's hospital where Dr Campbell insisted that all sick babies had breast milk and there is a condition called necrotising enterocolitis that they discovered when very immature babies had cow's milk they got death of tissue in the bowel. So breast milk is very important for this mother who must supply the milk. So she is another consideration if she gives up work.

This is a former milk bank. The important thing here is with the other cultures and we're starting her to have full-term baby or even a one or two-year-old will feed at one breast and a little sick baby will feed at the other. That is a wet nurse working in a hospital.

The point is the breast is such a magnificent machine it adapts to both age groups in the amount of fat milk and so on required. So my suggestion is, and I had put a submission in on the Maternity Services Review about increasing access of mothers to qualified lactation consultants, of which I am one, and midwives in order to overcome perceived and real problems with feeding a newborn, recover from a poor birth experience, of which there are many. Rates of intervention have gone to 45 per cent in some hospitals and by that I mean inducing. Breastfeeding, as I think that lady mentioned - if a woman succeeds in breastfeeding and doesn't have any problems and can continue to feed her baby, there is a reduction in postnatal depression and a normal birth, without intervention, is also related to reduction in postnatal depression. With total midwife care one to one during pregnancy, labour and postnatal, the Cochrane figures came out recently to say that with midwife care there is much less intervention.

With the midwives - this is what they were like, and I was one of those in a uniform, you could feed for three minutes on one day, five, seven, 10 and then stop and the babies would scream afterwards and we'd toss a bit of formula in because they were still hungry. So the mother goes, "I haven't got enough." That, thank goodness, went out in about 1980. Here is the midwife in 2008. I have had a double university degree and I'm still functioning as a lactation consultant. The role of the midwife - I have given the commissioners a copy of the actual role, but I have explained what I can do. I am registered and licensed. Our only problem has been we're the only healthcare professional that doesn't get Medicare rebate.

So the \$3000 bonus was a wonderful gift to home birth midwives because they pay us instead of buying a fridge, so midwives went in and did total care. I don't agree with that \$3000 lump sum at any time. I have experienced in my first marriage alcoholism with no money to feed my children and the only thing I had was the doled out little amount of child endowment. That came in 1912 because of this reason, women and children weren't getting fed, so it was to look after the women and, as I'm glad to hear, is still in charge of the money. I can do all those things and have done. We talk about nutrition. Doctors don't have time to sit and discuss, "What are you eating at home?" and all of those things, so we do. Then when they get home parenting is fairly traumatic. They don't know whether these breasts they can't see through, they're not glass, and despite the fact that the child is weeing and pooing, they don't know whether he is getting enough. Then there is the expectant father who doesn't know where to put himself. I am glad to hear that he is getting paternity leave featured because the father is often the helpless one in the background and mothers get a bit hysterical and order them around and they look a little bit crestfallen for a while after the babies.

This is another one where the father gets a bit jealous of the contact with the baby and she is saying, "Let dad have a bottle or he'll grizzle all evening." Really in fact I go into education there where when a baby bottle sucks, it sucks differently and the breastfeeding one sucks in a method like this which develops its jaw and its teeth. Bottle sucking is this which does affect their speech and development of teeth and so on. So we try and educate them out of giving dad a turn. I have also been involved with the Aboriginal people in the Northern Territory and they brought in in 1995, "Strong women, strong babies," and took their babies back to breastfeed because the white flour and all of those things have damaged neonatal health. They have very high figures in gastroenteritis and so on and ear infections and eye infections because they're not getting the immunoglobulins that breastfeeding provides. That is still going, that process.

Counselling - and these are all the people that surround the new mother. The midwife needs to go into their home and have a look and see what's happening and we do. I brought that in when I was teaching student midwives for nine years at RMIT. I started taking them with the women for the whole time and go to the home and meet the people. A midwife helped this lady who had a test tube baby to breastfeed and yet she had not born the child and that's my friend who is a major midwife. Mother-friendly home places the - the mother thinks she is coming home to a tray full of food brought to the bed and this is actually what she sees. So if the midwife sees that, she can arrange for someone to come and help, get home care.

MR FITZGERALD: We only have a couple of minutes, so if you want to flip through to your recommendations.

MS WALKER: I suggest there should be a research study starting now once this PPL comes in and examine those differences between health that we're talking about happening. I know in other countries it has occurred. The other thing for me is breastfeeding related to breast cancer. I tried to get that tacked on to the breast examination form, but they said there was no room on the form, so that was the end of that story. Then there is also the embarrassment that people feel when people are breastfeeding and yet the lady is topless. This is a refugee breastfeeding both children and these are two English women breastfeeding in the park. I put, "Paid to work," upside down on purpose because she is not getting paid to breastfeed. That is her production. This one here is having breakfast before he goes to school while she works in the market.

I believe it's about the social, financial and cultural health of the child which I find the baby is the most important person there. We have to argue for the baby. Paid leave for the parents to care better for the child. After birth until return to paid employment provided there is a work-friendly place to go to. The balance of government, employer, financial, social and cultural support. Equal rights women and partner to - and so my last recommendation is the community and care by the midwife for this family. We need to be pulling together to keep this family intact. Both my daughters are working and breastfeeding, have done successfully. I worked for many years without a break and I lost out, I believe, by not being there for that non-paid - and it wasn't even maternity leave unpaid when I had my last baby. Thank you. That's my daughter with two breastfed babies; two and a half years and a year.

MR FITZGERALD: Okay. If you want to just grab a seat here we might have some questions. Thank you very much for that.

MS WALKER: It completes that outline of the thing there.

MR FITZGERALD: Well, firstly, thank you very much for the amount of work that you've done in putting together a very impressive presentation. We in fact have all the slides, so thanks very much for that. So I might just ask Angela if she would like to lead off with some questions.

MS MacRAE: Just in relation to our recommendations, we've obviously accepted that it's very important for those women who can to breastfeed exclusively for the six months, and then beyond that for the first 12 months. We did have a recommendation that there might be some additional resources put in to support for breastfeeding. We know in Australia that our initiation rates are quite good, but it's the ongoing post-initiation phase. If we were to put money into that, do you have some suggestions about specifically what we should be doing in that area?

MS WALKER: I think you should be putting in to someone who is there to - apart

from a chemist - to advise them. Well, at three months I know the solution to that: babies have a brain growth spurt about every six weeks. People don't realise that when - the firstborn they want to feed for every hour. Then they go back to a nice settled thing and everybody gets a sleep. Then at the three months and six months and nine months they suddenly start growing and they demand to go back to that original - well, the mothers believe that they have lost their milk and so they get panic and someone advises - usually a GP or a chemist - to go on to formula, and they're much more relieved because the baby seems settled. So that's one issue.

The other issue for women going back to work, if they continue to breastfeed there are sleep hormones in breast milk which make the mother very sleepy. The intention of nature is that the mother sleeps while the baby sleeps, and then she makes her milk and she's ready for the next feed. But the reality is that both partners usually need to work, and newborn babies are very precious and some women will continue to breastfeed and manage the work commitment as well by this pumping that the Americans call it; they pump the milk and then it can be stored in freezers but it has to be done very specifically because there are antioxidants in the fat if you don't freeze them carefully. So it has to be a special temperature and so on. But if they can store that, my daughter-in-law kept hers stored at the creche but the problem is that expressing reduces the quality and so she might have to rush down once - she did rush down once a day sometimes because they ran out of the milk.

But it's possible with the technology and the equipment and the support; if you have an employer supporting, and many do, particularly the public service I think and hospitals; some. I have a nickname for one person who runs a hospital, I call her lemon lips. But never mind, she doesn't approve of breastfeeding. I had my part-time students who were working as well coming to RMIT and breastfeeding in the class. That to me was telling the full storey: you can work, you can study, you can breastfeed. You don't lose any brain cells; someone has done a thesis on that because people think you're vague but you've just got a lot of things on your mind. As we know, men just can usually focus on one thing, but we do everything at the same time. So we are a different species.

MR FITZGERALD: That's true, I agree with that. One day we might understand each other.

MS WALKER: That is one suggestion, is that they need education, they need someone who knows the story of why breastfeeding is so special, but why babies change their minds about what they're doing, especially for first babies. Mothers of second and thirds don't have the same anxieties, so I think they're in a better position to work.

MR FITZGERALD: Our recommendation tries to get women to a situation where they can take at least six months off, and we were very cognisant of the breastfeeding

research and the benefits of it. Some people have raised the query, however, about partial breastfeeding six to 12 months or beyond, because the truth of the matter is many women will return to work under any circumstances, mostly on a part-time basis.

MS WALKER: Yes.

MR FITZGERALD: I suppose the question is, to what extent the evidence says that there's real detriment apparent from part breastfeeding post six months.

MS WALKER: Yes.

MR FITZGERALD: Clearly everyone seems to be in agreement pre six months, or mostly.

MS WALKER: Well, it's about cow's milk, having that under 12 months. I call it cow's milk, because it's adapted cow's milk. To adapt it, you take out the fat, you can't put in this fat and you've got to put in that sugar and you've got to add vitamins because you're doing this to it, and it's nothing like cow's milk at the end. It still doesn't match the fact that, as I pointed out with the older child and younger child, the breast milk adapts to the growth of the child. The problem with interrupting the breastfeeding flow, when you give cow's milk formula the breast says to itself, "This kid is not as hungry as it was, so I will reduce the amount I give." So gradually that breast milk stops. It's like drainage is the important thing or continuing to breastfeed. The milk comes; as it leaves, it makes more. But if you put in the interruption of a whole lot of cow's milk and then it becomes easier and easier to hand the baby over, the breast milk ceases. So to 12 months is really important.

That's why I'm trying to impress that the employer should be flexible enough to - well, like the parliament. You always get put down in the toilets and behind the laneway to breastfeed. It's like the hidden thing, and that's my point of being embarrassed. Breastfeeding is normal. It's what the baby wants. If you want a flourishing child rather than an average clever child - and mind you, the formula up until 1988 did not have two amino acids in it for brain development - Europeans had it, that's probably why they're a bit smarter than us - that's only just been added to that.

MR FITZGERALD: Sure.

MS WALKER: So there's a lot of problems with formula.

MR FITZGERALD: Okay. We understand that.

MS WALKER: I can see that you read - - -

MR FITZGERALD: I must admit, one of the things we did was, our staff put a great deal of effort into international research and domestic research in relation to breastfeeding and child and maternal health and wellbeing.

MS WALKER: Very good. Very well done.

MR FITZGERALD: So much of what you say resonates with our own research. But there are issues, once you get beyond that sort of six-month period that are more contestable. We've run out of time and we're very grateful for the submissions you've given and the slides, so thanks very much for that, that's much appreciated.

MS MacRAE: Thank you.

MS WALKER: I've been submitting on acid sulphate soil as well to stop the D-cells, so I don't just to breastfeeding.

MR FITZGERALD: Thank you very much. No doubt we'll encounter on other inquiries.

MS WALKER: I want this to be my last hurrah. I have put in so many submissions to this maternity leave that I'm sick of doing it.

MR FITZGERALD: If you could give your full name, position and the organisation you represent, and then the opening comments and we'll have a bit of a discussion about the points you raise.

MS BURROW (ACTU): Sharan Burrow, ACTU President.

MS TKALCEVIC (ACTU): Belinda Tkalcevic, ACTU Industrial Officer.

MS BURROW (ACTU): First of all a message of congratulations. I think the Productivity Commission has done an amazing job to wind its way through a level of complexity that is extraordinary, not to mention the level of commitment and advocacy and the passion that surrounds this issue of course which, in regard to the conversation we were just having informally, for some of us is a 30-year campaign; for others in the room, just bear in mind it is probably a 50-year campaign going back to issues around breastfeeding and rights of working women.

So let me say that notwithstanding the fact that the ACTU wants to see full income replacement over time and that our model was very much based on that, we nevertheless are absolutely prepared to back in the recommendation of the 18 weeks plus the two weeks for parental leave. We welcome the design features that go to recognition of paid parental leave as a form of employment-related leave for parents in work in the context of both the 18 weeks' maternity leave and the two weeks of partner leave. We welcome the fact that the model acknowledges the role of employers in contributing to paid parental leave and parents in paid work, and in particular, the inclusion of superannuation, contributions in paid parental leave, the access to paid parental leave for parents in non-permanent jobs and in multi-employer jobs irrespective of the income earned, the application of the entitlement equally to all carers including same sex and adoptive parents, and the capacity to share the leave between primary carers and provision for a period of paid concurrent leave.

We also welcome provisions for maintaining workforce links. We think this is absolutely essential, and of course the prompt and efficient payment of the entitlement via the employer's PAYE system. There are some issues we'd like to address, and call for a little bit of flexibility in regard to the proposals in the model. We basically would summarise these. It would draw you to our submission, but basically summarise them by saying we would like to see reduction of the workforce participation criteria required for eligibility, and our recommendation is that it's an average of one seven-hour day over six months.

The reason we do that is to try to draw some logical links to what is engagement, and there are a lot of women who would work one day or equivalent one day a week, sometimes two half days or other arrangements. But certainly one

day a week is a significant income complement for some working families, and that's basically a seven-hour day. Six months draws attention to not our policy position but the accepted probationary period that the government actually will enshrine in the new laws, and we think there's some logic in that while we reserve our right to argue about reduced probationary periods over time.

We would like to see you provide parents with greater flexibility to take their leave entitlement prior to the expected date of birth. It does seem to us that there's an inflexibility there. For some people, it will be a matter of days. For others, depending on their health and wellbeing or their family circumstances, the accepted norm in established government agreed or gazetted schemes is up to six weeks. So we've drawn a link with that standard.

Of course, we would like to see, notwithstanding we understand your concern about some tax complexities. We think they can be worked through, and we would like to see a capacity to take the leave at half pay. We think that shouldn't be by any standards a requirement. People actually need as much income replacement as possible in the majority of cases, but where people can afford to take that longer period of time, we think that it's a flexibility that fits with the priorities or the principals you've established in recognising that six to nine months is a minimum entitlement in regard to what's good for the birth of the child and indeed, the ongoing care of the child and the responsibilities and rights of the mother and the partner.

In terms of ensuring employees' existing parental leave entitlements are explicitly protected, we'd urge that you strengthen that recommendation. It's there inherent in your design piece that says that, you know, "You should take existing leave" - which we have interpreted as paid parental leave - "first," but we would like to see a more explicit recommendation and of course that that would be picked up in addition to any amendments made to the National Employment Standards.

We would also like to see in that a little flexibility in terms of the way in which people are able to take that leave, and we make some specific wording recommendations in the context of the submission. Ensuring that the net entitlements' appearance in paid or unpaid work are equitable, including for those employees earning less than the federal minimum wage, we simply ask you to be confident about that. We deal with all of those recommendations in the context of Part B, suggest some language and some wording changes and changes to all linked legislation that might go to this scheme, but also to the national employment standards.

We would draw your attention to a request later in the back of the document in particular, about making sure that those women who have children, second children or third children very close together and therefore don't re-engage with the workforce, are not penalised by not being able to take their entitlements in regard to

the birth of subsequent children. I think we'll probably leave it there, suffice to say that it's not lost on us that it's very important that we do back in the Productivity Commission's recommendations.

While we accept it's not your brief or responsibility, it will be a difficult environment for women to argue the inclusion of this in the 2009 budget, and will require, I think, a level of solidarity across all of our interests, and we also indicate that of course we have an ambition to make sure that we continue to build on this, and we've set ourselves, I think, a five-year period, to actually achieve our ambitions of an ultimate policy goal of the 24 weeks at full income replacement for all women. I simply note that for the record.

But we thank you for the work done, for the commitment, I think, of the commission that's inherent in thinking through both the complexities and the rights-based approach as well as the health and wellbeing of the mother and baby. These things are complementary but often difficult things to keep in balance, and we think that on balance you've done a very good job.

MR FITZGERALD: Thank you very much. Can I just start by raising the issue of the burden of business. As you would be aware, a number, but not all, of business groups have reacted strongly against two of our proposals. One is that the inclusion of superannuation for employees that have been with a single employer for 12 months, and the paymaster function.

Your proposal goes further because you actually want full wage replacement by the employer, the top-up component. In light of the concerns that have been raised by business, I was just wondering whether you'd respond do that, particularly in relation to the super and the paymaster function, and we'll hear from employer groups this afternoon.

MS TKALCEVIC (ACTU): Look, we recognise that our proposal for universal top-up is something we will continue to both bargain and campaign around, and that's why we made it explicit that we will back in the 18-week proposal at minimum rates plus superannuation and the two weeks of parental leave on the same basis. We are concerned about the issue of superannuation and make some comments about that, but we recognise that the superannuation guarantee is where you've struck a logical link and respect that in terms of the government-funded model.

The flexibility that we seek in initially being able to top up is a protection of existing entitlements, but with some flexibility to manage those entitlements to maximise income security, and unions will do that in discussion with employers, provided we get the protections and the wording around flexibility right, and we've made some suggestions there. On the employer issue, I think there's two issues here. One is an orthodox response, if I can put it politely, in that vein, and that is that, "We

shouldn't have to make any effort."

Well, when you consider that for all employers, the actual contribution is - sorry, for small business, the actual contribution is less than \$50 a week at minimum rates for superannuation, for most women, then that's not an onerous burden. But, having said that, we haven't put it in our submission, but I don't think that we would be opposed to a reasonable logical link with the industrial relations system that says where there's a justifiable capacity-to-pay argument that that could be run through Fair Work Australia, which will be the replacement body in this context.

I suspect you won't get too many of those applications at less than \$50 a week, but nevertheless, it's a logical extension of what applies in protocol around issues to do with the minimum wage, and in practice, I should say. The appropriate people to deal with any requests of that kind of course are appointed commissioners who will be variously named other things, I think, in the new legislation. I think it might be member and senior member, but I'm not sure about that. In terms of their paymaster function, again, if there was some genuine issue of capacity to deal with this, that would be the logical place to argue that. But a paymaster function should - if it's about a cash flow burden for small businesses, I can't see that it would be anybody else and I would like to say that you should disaggregate small business a little, because there are some very wealthy small businesses, and we often tend to lump them all into some impoverished mix, which is not accurate. Some of our small businesses are actually multi-national companies but by definition of number, that's often overlooked.

But if there was a genuine cashflow burden, then what we would say is that the minute that the woman applies for paid maternity leave or the parent applies for two weeks' parental leave, then there ought to be an efficient and effective payment from government to employer, and if that's required in an up-front sense, then surely some period of notice of application would overcome that problem.

So I think these are practical issues linked to an orthodox response of employers shouldn't have to pay that most employers won't run, and I think if those practical pieces are put forward, we'll overcome that opposition, I hope, and can I make the point that I've said publicly that we would be willing to sit down. It will mostly be the chambers of commerce, so we'd be willing to sit down with ACCI or any related institution and work through that as we would in any industrial environment.

MR FITZGERALD: Their point also is of course any increased impost on business would have the negative effect of increasing discrimination or potentially against women of child-bearing age. I was wondering whether you have a view about that. We've expressed some views of that in the report itself.

MS TKALCEVIC (ACTU): I think that when you look at, what is it, less than 1 per cent in your report, then it's a nonsense argument, and frankly I've heard it again as a purported orthodoxy over - it shows you how old I am - but 30 years. Any time an issue is raised that might actually enable workforce participation of women or deal with what is now a collision, head-on collision of work and care of which women still bear the predominant burden, then this is a response. But can I say that on the positive side, it's a response from fewer and fewer employers. Most of the employers out there, I think, have accepted with a good sense of the common good and responsibility for both work and care that this is an argument that they can no longer prosecute. You will still hear it, but I've never seen in any related research substantiated argument that this has been a genuine outcome.

MS MacRAE: Just coming then to a couple of the more specific recommendations about some of the parameters of the scheme that you might change, you talked about the second and third subsequent births. If we were to adopt the proposal that you've got for the scheme in general about taking the average of one day over six months, rather than the 10 hours per week over 12 months, do you think that would adequately address the second and third child issue or not?

MS TKALCEVIC (ACTU): I don't actually because - for most women, let me say yes. But there will be cases where, and we've had a number of people email, write, ring our call centre, about the fact that they've had children, often inadvertently but sometimes planned, within a very short space of time, and when you're talking about from the Deputy Prime Minister's commitment herself to now looking at up to two years of leave, then it's quite logical that people who want to have their children close together may, particularly when often now women are putting off the birth of their first child till much later in life, then it will be logical that you will see more and more cases.

If there's a labour market attachment in the first place and there will be a labour market attachment again, then you shouldn't penalise women for the birth of second or third children, or fourth or fifth for that matter, although not too many of those now - subsequent children, I should say - who actually are spacing their children quite close together by whatever choice.

MR FITZGERALD: Can I understand then, is there no employment-related eligibility criteria between the first and second birth or the second and third birth, and if that is so, there must be a time frame within which that applies. Without going into the technicalities of it, we've come to a view that to get an entitlement for the second and/or subsequent children, you would in fact need to demonstrate some renewed commitment to the workforce. Are you suggesting that there be no such eligibility criteria at that point?

MS TKALCEVIC (ACTU): I know it would prove to be discriminatory for a

small number of women. It's a very small number of women, but nevertheless, I don't think we should be saying that, "You will be penalised for having your children within a one to three-year time frame," which would be for second and subsequent births, as opposed to going back for six months to a job and then having a second child. I think that we ought to be mindful that you shouldn't be putting discriminatory elements into a scheme. The ambition here is an entitlement and as well as that, an incentive for workplace attachment or labour market attachment.

Given the very sensible propositions about maintaining job-related attachments that are in the commission's recommendations, I think in the very small number of cases, there's good work around by decent employers to manage this. You will find time frames more broadly in some of the public sector agreements and/or gazetted provisions.

The one that comes to mind is probably at the top end, which is seven years of family leave in the case of Victorian teachers, but there will be a range of those that would go from I think three years up to those seven-year periods. If the commission was mindful of drawing a time frame, then I would suggest you would look at the average kind of family structure, and you probably aren't talking more than three children, so given the two years leave, you can figure that out for yourself in terms of what that might look like.

MS MacRAE: I guess if we were to go that route, then we might be more inclined to make the eligibility criteria a little tougher at the front end, and one of the concerns we have there is in relation to the self-employed, and the issues around where you haven't got an independent sort of third party that can verify hours; getting eligibility there that might not be a genuine attachment. It's that sort of issue that's on our minds, just to give you an idea about what's sort of driving our decision there. The other issue - unless you wanted to say more on that, did you?

MS TKALCEVIC (ACTU): Look, I just wanted to say something about self-employed workers. I think we can get too strident. I mean, you know our position is that this should be available for all women, and I haven't addressed that bit yet, but I want to come back to that. I think that if you minimise the workplace attachment and, you know, you won't find a great level of - I mean, to what extent would a woman who's self-employed want to actually fabricate an environment where, if you require a statutory declaration, it's a legal document?

Most people are very respectful of the responsibility for transparency and honesty that go with statutory declarations. So we've simply proposed that you would have a statutory declaration accompanied by supporting documentation, and if you think of some of the self-employed environments, you know, that work will be ongoing. I mean, if you take a farmer's wife who clearly is part of the business or you take somebody who does the books for a small business environment, those

women are going to continue to do that job probably to the extent that they can, during the course of their paid maternity leave entitlement anyway.

So I just think that we can get too strident about trying to cover off on situations where frankly I would think 99.99 per cent of women would be honest, transparent and by the way, I think if we fix the equity question in the social security measure around women who may not be in the labour market at a particular time, then we'll deal with that and I'll come back to that question before we finish.

MR FITZGERALD: The other reason we chose 12 months was that its linkage to the NES unpaid parental leave or right return of work, and so at the moment what we wanted to do is to dovetail this scheme into that so that there it's 12 months, and we believe that the 12 months have already been established as a benchmark under the NES arrangements. If you move to six months, you end up with another complexity which employers have already argued against strongly, but the other question is do you also change, or seek to change over time the right to return to work from 12 months' to six months' attachment?

MS TKALCEVIC (ACTU): I think the complexity is already there by virtue that you have a different eligibility criteria to what is in the National Employment Standards. So once that's opened up, in a sense, then you may as well have a look at dovetailing in a meaningful way, which is what we've tried to do, and I think just generally on the eligibility issue, we have supported your approach, which is to try and include those women who are not included under the National Employment Standards because they have, maybe, non-permanent work or work that is across multiple employers. So that is a, we think, very positive aspect of the eligibility criteria of your model and our policy view is that by opening up the eligibility at that front end in terms of being entitled to the paid maternity leave entitlement, then you actually get a much better bang for your buck in the sense of labour market attachment at the other end.

In terms of what Sharan was saying about the equitable payment between working and non-working mothers, it's actually not - when you look at the trade-off that parents will make in terms of whether they're eligible for paid maternity leave or the baby bonus, which is not taxed, and they still receive family tax benefit B, there does seem to be quite a strong argument for saying, well, increasing the eligibility at the front end will get you a better labour market attachment result at the end, and the difference in terms of cost to the government is probably not that great because the non-working parents are still going to get in the ballpark amount.

So given that, as an objective of getting as many women into the paid maternity leave stream as possible and encouraging their labour market participation throughout their child rearing years, then the ultimate goal of six months' unpaid leave for all working mothers aligns better with that objective than what you've got

under the National Employment Standards and it aligns much better with people being able to take time off to look after their baby in that critical period which the Productivity Commission has identified. So at the moment you have an odd situation where women entitled to paid maternity leave are entitled to 18 weeks' paid leave, but under the National Employment Standards unless they have got at least 12 months' service, they're not entitled to unpaid leave. So you can get paid by the government on paid maternity leave but you don't actually get any time off work and you don't have a job to return to, which undermines the objective of labour market attachment.

MS BURROW (ACTU): We've actually asked that you recognise that anyway and at least there be a request in terms of the legislative framework of the National Employment Standards and legislation that would cover this, that the 18 weeks' leave would be, at the very least, a minimum. There will be a very small number of women in that, but your other argument is a non-argument, can I respectfully say, because if you have a multi-employer attachment then employers will sit here, I'm sure, and tell you that unless you have the 12 months' guarantee that it's not fair on them, but really what you're saying is that you have to be with, in the case of most traditional employment, one employer for that period of time. Well, that's not a feature of the scheme and it shouldn't be.

I can be working with one or more employers today, I can change jobs and I'm going to have a baby in six months, but I'm still entitled on your scheme, as it should be frankly, to paid maternity leave. So to suggest that somehow the one year unpaid leave is a logic in the context of the design of the scheme is a non-argument because one way or another those women are going to take paid maternity leave. So we think, therefore, in terms of labour market attachment we should recognise the patterns of labour market attachment that are, at least at a bare minimum, patterns that are in fact logical for some women, and one day a week is a logical choice by a lot of women.

MS MacRAE: One of the other issues that you have commented on is the potential to be able to take the payment at half pay. Now, our main rationale for not allowing that - you mentioned the tax side and that's one small part of it; the other part was just the administrative arrangements. That we felt that if a family was in a financial position to be able to take it at half pay, what would stop them from taking it at full rates of pay, saving half of it and spreading that other half over the other period of pay. It just simplifies the administrative arrangement that, well, we've got it all paid to you in the 18 weeks, minimises the number of transactions, whatever, and then because we've got the - for most people we'll have their return to work guarantee extended well beyond the 18 weeks, or if it doesn't you've probably got no return-to-work guarantee anyway. What's the benefit of being able to take it at half pay when you can effectively provide that position for yourself if you wanted to?

MS BURROW (ACTU): Well, it's not that easy. I mean, the discipline of actually managing a budget, given that we know that almost 60 per cent of families generally are struggling to keep their heads above water, is now quite serious. So if a family chose to say, "We would want to take this at half pay because it will cover our utilities bills or our rent, or something, and that's a security piece for us," then frankly, as the paymaster is the employer and these women will be on leave anyway, paying it for double time, so rather than the 18 weeks, double that - and we've only asked for those two pieces of flexibility - then it seems to me it's a small administrative piece simply to work it out and keep paying it over that longer period of time. The payment, or the subsidy to the employer as the paymaster, we don't see a problem with that being in the same time frame. So in a way it's an implied discipline by choice on the family, as opposed to a burden on employers. So I can't see that it really does generate anything other than a genuine choice for working families.

MR FITZGERALD: Can I just move to the point that you were going to explore, and that is the treatment of women who are not attached to the workforce. You've seen our rationale for treating those that are attached and those that are unattached in different ways, but providing support for both groups and it's an increased support on where we are at the present time. So I was wondering if you can just explore it, and this morning we've had a series of robust discussions with participants about the treatment of those that are not attached to the workforce, but your current view on this.

MS BURROW (ACTU): Well, the first thing is, we absolutely support your proposals about labour market attachment and the role of employers. We think it's a long overdue piece to recognise that this is another form of leave entitled to by working women and in turnThe thing that is mindful, though, for us is that we've seen a lot of conflict between women who consider themselves working women and those and/or their advocates who consider themselves stay at home mums over a long period of time, I would say probably 50 or 70, or 80 years in this context. I mean, this issuefor me, but whether it's this issue, whether it's been variations of unpaid leave, whether it's been other work and family issues, you see this conflict emerge and, frankly, our executive, but also as the leader of the ACTU, I've just thought it was time to end this division and I'll say it for these reasons.

One is that it's kind of a non-argument in today's world. 50 years ago when the percentage of women who didn't work was an established percentage ever - was an established percentage - the logic was much stronger. Today there is very, very few; you can count them, the number of women who never work. At the time of the birth of the first child, the overwhelming number of women are or have been in paid employment and, if you look at the statistics, they will be again. When you see this argument most prevalently articulated on the public stage, then it's usually the issue about single mums versus coupled mothers and entitlements, but when you look at

the statistics, whether you're a single mum, whether you've been out of the workforce for longer periods of time or you're a coupled mother, by the time children are in their teenage years in high school usually, the numbers are almost equivalent in terms of workforce participation.

So it seems to me that there are two points of logic and there's a question of equity that underpins it. The point of logic that overwhelmingly most women are actually in the workforce at the time of the birth of their first child, and the point of logic that says, and most women in equal numbers across all sorts of categories will be again at some point in the future, suggests to me that to create an artificial divide is probably something that belonged to another era when women's workforce participation was of a different statistical calibre.

What we would say to you, though, is we don't want to lose the features of workforce participation, labour market attachment, employer relationship with women while they're on leave and the associated features in your proposal. So we would argue for equity. The British model provides an equitable environment where if you are genuinely not able to meet the labour market attachment prerequisite, then the Social Security Service is there to deliver an equitable payment. So when you make your recommendations, I suppose we're asking for a variation that would say - presumably you will argue, we would hope, and it will be enshrined that paid maternity leave at minimum rates will be adjusted as minimum rates are adjusted. The piece that worries me notwithstanding the fact that Belinda is right about it being in the ballpark of the same amount of money now is that it will erode for non-working women very quickly. So we would argue equity, if that requires a dual track then the same indexation to minimum wage levels or the same percentage increase to the current baby bonus of the increase in the minimum wage ought to be the very least of our recommendations.

MR FITZGERALD: Which is accepting that there would be and can be a differential between the people in the two tracks.

MS BURROW (ACTU): Look, it's not our - - -

MR FITZGERALD: Because otherwise if you end up absolutely no differential, the whole purpose of having all of the other features listed then start to reduce.

MS BURROW (ACTU): Yes.

MR FITZGERALD: Over time it may well be that the benefits associated with being in paid workforce increase in a whole range of ways that are not relevant to those that are sitting in different space. So do you accept the notion that there can be and should be a differential?

MS BURROW (ACTU): It's not our policy position, but we recognise the reality of the scheme that you've promoted. What we are trying to do is see that there is an equitable base between the two strands. We, to be very frank with you, have a potential conflict of responsibility and advocacy here. One is that we definitely want to see the benefits of labour market attachment. That's good for working families but it's good for business and it's good for the economy. No-one can argue the business case of that in the negative. We absolutely accept that.

We have argued equity, and we didn't know at the point where we put our submission in initially what model you would come down on the side of. You could have come down with a Social Security payment, and simply we would have argued it be enshrined as an industrial piece in the National Employment Standards. I think your model is better for working women; it's better for employers, better for the economy. So where we've taken our advocacy is to an equitable base and asked you to look at the British model which provides for that.

MS MacRAE: Although the British model, as I understand it, does still provide - I don't want to labour Robert's point, but there is a differential in payment. So if you're in paid employment and you qualify because - and it's a different arrangement anyway because it's a social insurance type scheme. But assuming that you qualify under the social insurance arrangements you get one payment, and that will be linked to your pre-birth incomes because it will be based on your contribution and your employer's contribution which is based on that income. But if you fall outside of that, you do get a payment from the government but, if you like, that's very analogous to our baby bonus and family tax benefit A and B.

MS BURROW (ACTU): It is, and that's why we're saying look to that model, but with the argument for us around equity that says you can't leave the baby bonus as a static piece.

MR FITZGERALD: Yes.

MS MacRAE: Right.

MS BURROW (ACTU): Governments will make decisions about family payments Part B and they're appropriate to standing in terms of remuneration. We accept that. But at the very least, a non-taxable baby bonus should be indexed to the minimum wage increases because otherwise the discrimination gap grows.

MR FITZGERALD: All right. Can I put something about the minimum wage which hasn't arisen but I need to raise it. There have been concerns raised with us post the draft that attaching this scheme to the minimum wage is inappropriate because of the impacts that it might have in relation to the Fair Pay Commission's consideration of the minimum wage. Our view is that the legislation precludes the

Fair Pay Commission from examining these issues. Nevertheless we've have very strident positions put to us which will become public shortly that by attaching this even as a benchmark to the minimum wage this creates potentially very perverse outcomes in relation to minimum wage considerations and is hotly opposed by the commission itself.

MS MacRAE: That's the Fair Pay Commission, not the Productivity Commission.

MR FITZGERALD: The Fair Pay Commission.

MS BURROW (ACTU): Yes.

MR FITZGERALD: So we've indicated we will consider the arguments that they have and will put to us into the future. But their view is that using this as a benchmark is completely and utterly inappropriate because it could potentially influence the actual level of the minimum wage. That's not been our position to date, but I'm wondering whether you have a view.

MS BURROW (ACTU): Well, I frankly think it's a nonsense. But we would like to see the content of the argument and if you're willing, respond to you in kind. I think that's the only way we can deal with those arguments. It can be in confidence or as you choose.

MR FITZGERALD: Sure.

MS BURROW (ACTU): But I can say that you could say that the Fair Pay Commission will up the ante and say to the minimum standards of the modern awards, if they should so choose. You've got to have an industrial benchmark somewhere. Our position was minimum wages and employer top-up, but it could just as logically have been the award base which would make it more complex for government and we recognise that. So I don't know where Ian Harper's head is around this, but when you look at the criteria on which the new legislation will establish the decisions in regard to the minimum wage, I can't see there would be any distortionary impact at all, but we'd like to look at the arguments and respond to you with some professionalism.

MR FITZGERALD: Okay. Thank you very much, we're out of time.

MS TKALCEVIC (ACTU): Sorry, just one thing. In terms of the discussion earlier about the equity, I think something that we haven't really covered off today but we have put in our submission is the importance of things like superannuation and the accrual of workforce entitlements. That is where I think for us the difference in terms of the benefit to working women really does have an impact; in terms of those directly employer provided incentives to stay and work. That's where I guess

our model started from as a scratch; an equitable government funded entitlement and then the employer's topped up the incentive to working women.

MS BURROW (ACTU): So we've actually asked you to make sure that you consider the accrual of other entitlements while people are on paid maternity leave.

MR FITZGERALD: Can I raise that issue. We're seeking advice at the moment in relation to a number of those issues. Clearly employer groups have indicated their total opposition to anything that would increase the burden in relation to accrual of leave, and also payroll tax. It is possible that there are two models: one is where this payment via the employer is simply a payment as agent for the government and would not normally attract such entitlements. There is a second model which is this is a payment by the employer subsidised by the government which may depending on legislation - - -

MS TKALCEVIC (ACTU): To the tune of 97 per cent. That's quite a generous subsidy I think.

MR FITZGERALD: We need to examine those issues. But I must say that so far there's been extremely strong reaction from employer groups, much more so than just the paymaster function or superannuation or any notion that there be an accrual of other entitlements and potentially the additional burden of state-based payroll taxes. Now, we are looking at those issues; we're seeking advice around those issues.

MS BURROW (ACTU): Again, go to the logic of this: if paid maternity leave is a leave entitlement, just as annual leave or sick leave or other elements, there are well traversed and determined industrial standards for these things. So I would reject their arguments absolutely about accrual of entitlements. However if their argument is that payroll tax is a burden, that's an argument between the government and employers which we would happily listen to them about. There are exemptions from payroll tax for a range of other areas. It's largely a state government issue. But there are certainly exemptions for a range of reasons in regard to payroll tax and there's a logic to that argument that we would at least consider. But in terms of an established workplace standard, it's actually a fairly mean-spirited response to say that for 18 weeks you actually won't accrue sick leave which would be a small number of days or annual leave which would be a very small number of days. It just seems to me that I'd be quite shocked to think that it was an overwhelming employer voice because I just think that is in the level of mean-spiritedness. On the generosity side, if the payroll tax issue is a burden, let's have a look at it.

MR FITZGERALD: Good. Thank you very much. We'll resume at 1.30.

(Luncheon adjournment)

MR FITZGERALD: If you could just provide your name and the organisation that you represent for the record, then it's over to you.

MR GEARY (VCSC): I'm Bernie Geary and I'm the State of Victoria's Child Safety Commissioner. I'm happy to be here today to present to you in relation to this issue of paid parental leave. I'd like to introduce Matilda and Beth who are carers themselves who have come to assist me, and Virginia, who in fact is the principal author of our submission, and I appreciate the work that she's done.

The commission has detailed how adoptive families are to be included in a proposed paid parental leave system, and I would ask that the same approach is extended to include relative care families. I'm privileged to be accompanied, as I said before, by two relative carers today, Beth Parker and Matilda Ng, who have assumed care, who have assumed the care of their grandchildren on a permanent basis. I propose to speak briefly about why acknowledgment of relative carers is so important, and then ask Beth and Matilda to give you an account of reality.

The commission has spoken about how families may assume many forms, including conventional couples, single parents, adoptive parents and same sex partnerships. However, the group now known as relative carers, who were previously described as kinship carers, which may include grandparents, aunts and uncles or siblings, get only a single mention in the report and their needs don't get discussed.

Just as in the case of families who are adopting children, children coming to reside with relatives need to develop trust and bonding with their new carers, even if they have known the carers as part of their extended family. These children are often victims of trauma because of their difficult journeys and they need time for attachment. Members of the extended family may be trying to deal with their own grief at the loss of the son or a daughter and grandparents needing to remain or return to their work first to support their grandchildren.

The Australian Bureau of Statistics has experienced some difficulties in quantifying the number of grandparent families, which has been exacerbated by changes in sampling procedures. However, the most detailed research by the ABS on grandparent families indicated that in 2003, there were 22,500 families in which grandparents were the guardians of their 31,500 grandchildren between the age of nought and 17.

The analysis revealed that 47 per cent of these families were lone grandparent families of whom the vast majority were grandmothers bringing up their grandchildren on their own. Perhaps contrary to expectation in 34 per cent of grandparent families, either one or both grandparents were employed. The current global financial crisis may have extra implications for this group of families with

grandparents needing to remain in or return to the workforce to support their grandchildren.

Unexpectedly, grandparent families were also found to be more likely than other types of families to live in regional areas; 45 per cent compared to 33 per cent. Perhaps this is because the grandparents have retired to such areas but support services in those areas, if they're coastal or country, may be more stretched. Further analysis of the reasons for this funding would also be helpful.

Virginia found also when working on this data that the data also demonstrated a very sad reality that of the 28,700 children in grandparent families that had a natural parent living elsewhere, 26 per cent saw their parent less than once a year or never. This means that in these grandparent families, the grandparent did not share the grandparenting role with the natural parents at all.

As it is also the case for other relative carers, grandparents may face high initial costs associated with suddenly accommodating children, including clothes, bedding, infant equipment or school supplies. In addition, the ongoing costs of caring for children would not have been planned for and may impact upon the sustainability of the grandparents' retirement income. I know that being a grandparent of nine and caring for children, grandparents on an informal and scattered sort of arrangement.

Grandparents may be trying to juggle the costs associated with ageing, including medication, health service and transport and the daily needs of children, such as clothes and shoes. I know that also as a consequence of getting old. Relative carers have spoken about the difficulties of meeting the costs of recreational activities and other avenues of social participation with their peers, which are critical for children who are already at risk of being marginalised, given their journeys.

Aunts and uncles as carers may also struggle to balance the needs of their own children, whilst sibling carers are just starting out in employment and trying to balance work and family care responsibilities. So you can see the juggling that needs to go on in those cases. The ABS has acknowledged that there is a lack of comprehensive data on relative carers and their situation. This makes it very difficult for support services to undertake planning, to meet the needs of a group of carers who are performing such a vital role.

We are advised that the ABS would conduct such data collection analysis if it was judged a priority or in fact if they were told to. The financial costs of the community, if relative carers withdrew their support, would be incredible, when costs of alternative care is considered. Relative carers deserve an entitlement to paid parental leave, which is based on one's connection to the paid workforce, and aims to enhance the wellbeing of children, regardless of the type of family they reside in. I

respectfully suggest that you have a major contribution to make in addressing this obvious inequity and I'd like to call on our two guests here today to, as I said, give you an idea of the real issues. Thank you.

MR FITZGERALD: If you could give your names, that would be helpful as well for the record.

MS PARKER: My name is Beth Parker.

MR FITZGERALD: Your name, please?

MS NG: Matilda Ng.

MR FITZGERALD: Yes, over to you.

MS PARKER: In January 2006, my partner, Paul and I unexpectedly took on the care of his two grandsons, Kalim, nine years, and Liam, two and a half, after their mother, Paul's daughter, conceded she was no longer of capable of caring for them properly. At the time, the boys were living in Brisbane, so the first immediate expense we were faced with was two air fares purchased on the day of travel, which you would agree is not the cheapest way to organise a flight.

The arrangement we had made with Paul's daughter was that we would care for the boys for three months whilst she entered rehab. However, it was not long before we realised there was very little chance that she was going to follow through on the arrangement. We had a pre-existing relationship with Kalim, as he has lived with us previously. However, Liam was a different story. Prior to seeing the children in Brisbane in January 06, we had not seen Liam since he was six months old and we had not been able to maintain any meaningful relationship while they were living in Brisbane.

The reality was Liam was as much a stranger to us as we were to him. We made the decision that I would take a three month leave of absence from my job as a team manager at the ANZ so as I could be home with the boys. This was later extended to a three year career break, once it became clear that the boys' mother was not coming back. My leaving work immediately cost us in excess of 55,000 a year. In addition, it resulted in my not being able to contribute to my superannuation and our significantly tighter budget resulted in my having to drop my private health cover.

So in the space of three weeks, we suddenly went from being a double income with no kids household to a single income with two kids household, the financial impact of which was huge. A house that used to only run for approximately six hours a day was suddenly running for 16 hours a day. Electricity, water, gas,

groceries, phones, everything went through the roof. We approached Centrelink Family Assistance, naively believing that I would qualify for a carer's pension. After all, these were not our kids. The answer was a firm no.

We then applied for family tax benefit but, again, the answer was no. It would appear we had earned too much money in the first half of the financial year so now despite the fact I was earning nothing, we would have to wait until after July 1 to receive any family tax benefit support. This was an extremely tight six months, which saw us highly stressed and eventually accepting a financial helping hand from my mum, herself a pensioner.

Despite obtaining Health Care cards with a foster child status, our application for the state-based education maintenance allowance was denied, resulting in us having to cover the full school year costs for Kalim. It took us until September 06 before we cleared the amount owing to the school for the fees. In 2007, I looked into the option of three-year-old kinder for Liam. He had very little social interaction with children, as we were quite isolated from any play groups or mothers' groups. At approximately \$100 a term we just could not consider it. It was only the generosity of the Mirabel Foundation that enabled us to send Liam to three-year-old kinder for three terms. Without Mirabel covering the costs, we would not have been able to do this.

It is incredibly demoralising to have to beg for money. The stress created by having to ring places and ask for discounts or exemptions is enormous and it leaves you feeling worthless and inadequate. Compound this with having to tell a 10-year-old that you can't afford for him to play soccer, then consider the stress of the grocery shopping when you have doubled the number of mouths you need to feed and halved your income. You watch the balance of your credit cards creep up and up because this is what you use to pay for the \$180-worth of heart medications for Paul's heart condition. There are some things you can't scrimp on.

Connections in Croydon helped us out with the soccer costs. They covered the fees and we covered the gear. I shopped every other Wednesday to ensure there was enough money in the account to cover it. We prayed for financial windfalls when it came to the credit cards and when that didn't happen we gave in and organised a \$12,000 personal loan to clear the credit cards and pay the mounting bills, including Paul's pre-existing medical bills.

Throughout all of this time we lobbied and pleaded with DHS for financial assistance, but to no avail. We wrote letters to everyone we could think of, from local members of parliament, state government ministers, our federal member, federal ministers and finally the Prime Minister. Each time the answer was the same. The federal government saw our situation as a state issue and our state government declared that there was no child protection issue, so we were ineligible for caregiver

assistance. No-one seemed to grasp the fact that these boys had been abandoned by their parents, neither of whom had contacted the children since February 06. It was not until June of this year that DHS finally agreed to provide us with ongoing fortnightly kinship carer payments of \$251 for Liam and \$297 for Kalim. They said yes only after Paul turned up to a meeting with the boys in tow and made it clear that we would have to relinquish the boys into foster care if DHS remained unwilling to assist us.

To have been faced with only the options of foster care or financial ruin was heartbreaking. As a kinship carer you have very little real choice about whether or not to take on the kids. You love them, they are part of you and every part of you knows it's the right thing to do. To then receive so little support and acknowledgment is soul destroying. They say a society can be judged on how it treats and cares for its children. If this is true, I wonder what government's treatment of the kinship carers of our society's most vulnerable children says about Australia.

MR FITZGERALD: Thank you very much for that. I should just say you should be relaxed. We have had lots of people who have sat in those chairs and cried over the inquiries that we have and from our point of view the emotion is fine. I might say the reasons why people get emotional vary dramatically, but don't feel worried about it all.

MR GEARY (VCSC): I sit around with grandparent carers and cry myself.

MS NG: This happened to me so suddenly, unexpectedly when my daughter got - car accident. This happen in April this year and suddenly I had to take care of my grand-daughter. I've got the Family Law Court to go ahead now, but before the law court there was a lot of hassle with the Children's Court but I managed that for myself. It was very hard at that time when it happened. My husband was in Canberra and I was in Melbourne. Our family was shattered actually, especially my little grand-daughter. One minute she has a mum and she goes to that school and all her school friends and a flat to live. One minute everything is just splitting like a broken glass, everything split. She lives with me now, her mum is gone, her dad was in gaol at that time so he has no hope of taking care of her. She is separated from her stepbrother, separated from her school friends, goes to a brand new school and environment and everything is different.

It take me three months before I actually see Centrelink because I was just grieving, I didn't know what to do at that time. Centrelink is quite hard to deal with. They are not the organisation that might have feeling for you. At the moment if I am on an allowance I have to still look for a job, six jobs a fortnight and I do 15 hours at least. It is very stressful but when I read it somewhere principal carers should have exemption but there is a word "may" on it but if there is no "may" it might be easier. I find it really stressful in between my lawyers, dealing with the police, dealing with

the family. Now I work part-time. They ask me to work 30 hours a week. It is really hard. What happen if she is sick or something?

I think the money that they give us - when you work a little bit, they take the money out as well. Like, I can see the family tax B is \$56 a fortnight. That's fortnight and weekly is 25, a day is maybe \$3, just enough to get two litres of milk. I find that we don't get that much help at all. We have to dig a little bit our savings. We don't have a holiday. Me and my husband completely different know. What we planned before has changed. It's gone. Working like before is not the same any more as well. I still got other grandchildren and we're grieving. Thank you very much.

MR FITZGERALD: Thanks very much for those personal encounters.

MR GEARY (VCSC): I guess, Robert, given that paid parental leave is the major issue here, it seems to me to be such a no-brainer in the context of the issues that have been presented here, such a no-brainer and an indication of acknowledgment to this heroic group of people really. They are the heroes of society in so many ways that they should be acknowledged and in fact we are avoiding them and almost pretending that they don't exist.

MR FITZGERALD: Okay. I might say that we did give lots of consideration to relative carers and others in thinking about this issue but I just need to break it down a little bit. Your proposal is that the parental leave would be extended to, in this case, grandparents or relative carers who have permanent care of the child. So it's a situation where the child has in fact for various reasons, either because of death or because of circumstances - - -

MR GEARY (VCSC): It can be anything from death to mental illness to addiction, a whole range of reasons, yes.

MR FITZGERALD: In this case the relative carer is attached to the workforce so meets the eligibility criteria that we have set, so they have been at work for whatever the period of time it is.

MR GEARY (VCSC): Because of the lack of perceived connectedness with the child and the relative carer, it falls down.

MR FITZGERALD: The reason we went for including non-family adoption is because in those - what we wanted to avoid is a situation simply where two people come together and have a merged family and one adopts the other's child, in which case there is no necessity for parental leave at the time of adoption. Your circumstances are different from that.

MR GEARY (VCSC): Fall through the gap - I think we work too hard to work out why we can't rather than say why we can and it seems to me that we look hard to put blockages up to the rotters and there is a consequence, these people fall through the net. Would that be right to say? Is there a risk averseness involved here?

MR FITZGERALD: A couple of things: one is that there are really unintended consequences of all these schemes, both positively and negatively. One of the things we wanted to avoid is the situation where this was seen - and I'm not suggesting this is your position at all - as a subsidy for relatives undertaking child caring, because this scheme is not about that. This is about parental leave, it's about connectedness between parents and the child during the earliest stages of a child's life. It's not a subsidy for child care which should be dealt with more closely.

MR GEARY (VCSC): But parental leave is granted as a consequence of the dynamics that surround a new child coming into a house, the physical dynamics, plus the need for connectedness and both of those needs exist even more strongly in this situation, even more strongly.

MS PARKER: In my circumstances I didn't have any children, so suddenly I had a nine-year-old and a two and a half year old. I had no idea what I was doing. I still have no idea what I'm doing actually but that's a whole different problem. But you don't even know where to start. As I said, one of the children we didn't even know.

MR FITZGERALD: Just putting that circumstance, once that occurred you were there or required by circumstance to take time off from work and you're saying that in fact you lost that work connectedness for a considerable period of time.

MS PARKER: Absolutely, yes.

MR FITZGERALD: Okay.

MS PARKER: That in turn jeopardises my career with ANZ. By the time I go back, no-one will know me. My bosses will have moved on. Those that knew my capabilities will have moved on and at the moment they're shedding staff like nothing on earth. I will be lucky if there is a job to go back to.

MR FITZGERALD: Angela.

MS MacRAE: I just say thank you. I'm sorry, I have children too and sometimes these things get to me. I just think of that situation of my children.

MR GEARY (VCSC): I'm the same, being a grandfather.

MS MacRAE: I'm sorry, I just get very emotional.

MR FITZGERALD: That's all right.

MR GEARY (VCSC): I'm just absolutely stunned by the logic involved here, that there is a need for the physical and there is need for the emotional connection and yet we ignore it. These wonderful people, we just expect them to soldier in.

MS MacRAE: Just to reiterate, Robert's point was that when we were thinking of familial adoptions, we were thinking of families that had separated and then the parents had remarried and you would be adopting children. It had not crossed my mind of this sort of situation. I think even if we are able to come up with something that would help here, 18 weeks of paid parental leave isn't going to get you anywhere near where you need to be.

MS PARKER: No, but it will be a first step.

MS MacRAE: Having said that, of course, it's something that we would certainly want to consider.

MR GEARY (VCSC): That capacity for connectedness at that age, it's so important.

MS MacRAE: Yes, that's what's making me cry. It just must be so hard for you.

MR GEARY (VCSC): I just know out of my nine grandchildren the ones I see a lot are much more connected and this is a much more fulsome situation.

MR FITZGERALD: One of the reasons why there is some hesitation also is that we're confronted with a number of submissions in relation to indigenous kinship arrangements which are very widespread throughout indigenous Australia and the issue has been put to us that in that case often the auntie takes primary care for the child as well. Sometimes there are substantial child protection reasons why that might occur. So we're also looking at that particular set of kinship or relative care which has another set of very substantial consequences as well.

MR GEARY (VCSC): Sure.

MR FITZGERALD: So these issues are in fact weighing on our mind and I'm very pleased with this submission because your circumstances fall into another category.

MR GEARY (VCSC): Robert, part of my role as Child Safety Commissioner is to investigate the deaths of children who are in the care of the Department of Human Services and also to monitor the out-of-home care system. The out-of-home care system in Victoria has nearly 6000 children in it, most of whom are in kinship

care - - -

MR FITZGERALD: Yes, that's right.

MR GEARY (VCSC): - - - and we just don't acknowledge it.

MR FITZGERALD: There are a number of ways to handle this. One is one can go through an exceptional circumstance, because what we can't do in a statutory scheme is cover all circumstances. The consequences of doing that become a very - well, the complexity is enormous but also you end up providing benefits to a group of people that were never intended. So one can go down the exceptional circumstances route or one can actually change the definitions of who gets the benefit. Your experience has been by both of you that - and that is also true in the Department of Social Security and Centrelink's arrangements as well - but your experience has been that that is not very satisfactory, that you have been excluded from payments and payments and I think you mentioned the word "may", discretionary - - -

MR GEARY (VCSC): Because their initial reaction to them is, "Here is why we can't do this," rather than, "Here is why we will do it."

MS PARKER: In our circumstance we were non-statutory carers, we still are. We took the children in privately. We could see they were in trouble. So that allowed the state government here to just say that we didn't exist and say, "Well, we can't help. You don't fit in the category because there is no child protection issue because they're safe with you." I rang Child Protection and said, "I've got these two kids, they've been abandoned by their parents. What would you like me to do?" "Well, where are they, are they safe?" "They're living with me." "Oh, that's good," and she hung up.

MR GEARY (VCSC): "Utopia, we don't have to worry about them."

MR FITZGERALD: That's right.

MS PARKER: As long as I shut up and don't kick and scream, they don't have to worry about me at all. That's the only reason we ended getting the caregiver payments was that I kicked and screamed long enough and I went to Bernie's department and we did everything we possibly could.

MR FITZGERALD: Just in relation to that, one of the groups we excluded - and when I say "excluded" we didn't include - were foster carers, and the assumption there is that the formal foster carers are in receipt of payment and support from government through another series of mechanisms, and I suspect that that is so. But in your case you were denied the access to carer payments for some time. Have you

received carer payments at all?

MS NG: There's no such thing. All I really want - if it's written on this paper here and they say principal carers or I have got court order - I have it in the bag there if you want to see it - a Family Court order. I should be exempted for at least 12 months because I am still grieving, but they still force me to look for job. I got the job, but it's just sometimes it's very hard to do it. If the word "may" is removed it might be easier, but they take the word "may" so seriously that they just say no.

MR GEARY (VCSC): So you've got a person with pure intentions, locked into the litigious nature of the Family Court and what have you - - -

MS NG: There is no money for us - I don't know if there is. If there is some, you've got so little money for so much growing, that's what I thought.

MR FITZGERALD: Some might say that whilst they appreciate the very difficult circumstances that you both face and other relatives or grandparents face that it's not the role of a parental leave scheme to address those, but rather it shows the inadequacy in both state and Commonwealth social support systems and I suppose there is some validity in that. The question, I suppose, to Bernie is, is it appropriate to try to use the parental leave arrangements as a means of addressing something which perhaps is a greater failure elsewhere. That is not to shove the issue, that is to actually say in terms of good public policy, where does this get - the trouble is often people fall completely through the cracks, as you have.

MR GEARY (VCSC): Absolutely and I would see that it's a wonderful opportunity for it to be a forerunner in acknowledgment for this group rather than a, "Why should we?"

MS PARKER: Because at the moment it's just another thing we're not eligible for. It just adds to the list of the things we're ineligible for.

MR FITZGERALD: Okay.

MS MacRAE: You were starting to say you know some 70-year-old grandparents in this - those people probably would - - -

MS PARKER: Yes, on Newstart Allowances being forced to go out and look for jobs.

MR GEARY (VCSC): Yes, I do.

MS PARKER: I know a couple, they're both in their very early 70s; he's being asked to go on Newstart Allowance and go out and look for work.

MR GEARY (VCSC): It's terrible.

MS PARKER: They're raising at the moment - the child they have is two, and his wife can't pick up that child all day long.

MR GEARY (VCSC): Yes.

MS PARKER: She's physically incapable of picking that baby up as often as you need to. She needs her husband at home to help her. You know, she's not 30 doing this; she's 70 doing this. You spend half your life on your knees as a parent to a two-year-old. You're on the floor all the time, and you're just incapable of doing it at that age.

MS MacRAE: For those older people, I guess the issue for some of them will be that they wouldn't have been in paid employment before they suddenly get this surprise entry.

MS PARKER: No.

MR GEARY (VCSC): But it's surprising how many are.

MS MacRAE: So they wouldn't miss out - - -

MS PARKER: Yes, well, that was one of the statistics and obviously statistics aren't good.

MR GEARY (VCSC): I was stunned by that too.

MS MacRAE: I guess there would be - - -

MS PARKER: All you've got is self-funded retirees who are now just devastated financially.

MR GEARY (VCSC): Yes, that's right, moving into their company retirement.

MS PARKER: And yet they've done all the right things. They've done what they've been told: they had saved their super, they had supported themselves, they were ready to do it, not live off the government, and now they don't get supported.

MR GEARY (VCSC): Yes, and being pushed around by a 25-year-old social worker who doesn't quite get it.

MS PARKER: Yes.

MR FITZGERALD: Okay. I think we understand the issue. I think you've highlighted the issue. I'll be honest with you, it is perplexing how to actually deal with it in a way that meets the need that you've identified but doesn't extend it to a point of - to groups that were never intended to fall within this. That is an important issue. The second one we have to contemplate, I suspect, is again the question that I asked as to whether or not this is the right arrangement to meet those needs or it's elsewhere. But I take your point that maybe it should be a forerunner of things to come. We'll have a look at that. I just make the point about it: the kinship care in relation to indigenous Australians is in fact on our mind at the moment as well, which is, as I say, not dissimilar to your own circumstances but often driven by child protection issues, which in your case possibly wasn't the circumstance. Have any of you got any final comments you would like to make before we conclude?

MS DODDS (OCSC): I have one suggestion.

MR FITZGERALD: Yes, if you can get to a - but you've got to put your name on the record.

MS DODDS (OCSC): I am Virginia Dodds, Office of the Child Safety Commissioner. Just in terms of what you were saying in terms of how to deal with this issue, the ACT public service and the West Australian public service have come up with some ways to deal with the issue of relatives who become primary carers, and that's around the way they define primary carers. The Victorian government also has a log of claims before it at the moment which is tackling the same issue.

MR FITZGERALD: All right. We'll look at the ACT and WA, you said, so we'll have a look at that and see what wording they have used and see if that's appropriate. Thank you very much for that, we appreciate that.

MR FITZGERALD: If you could give your full name and the organisation you represent for the purposes of the record.

DR STRAUSS (AFUW): My name is Jennifer Strauss and the organisation is the Australian Federation of University Women. I think we would very much commend the Productivity Commission for its recommendations. We do feel very strongly that they tried to be very fair to all parties, and we also feel that probably all parties concerned are going to have to give up a little bit perhaps of what they would like most. It didn't meet our requirements for full income replacement, but I rather think we didn't really expect it to, although we would be very sorry if we were to see women who have already got better conditions losing them and we trust that this is one of the things that might be monitored.

I think we feel that the government funding is absolutely essential. We've always said it's the only way to go. We very strongly oppose any notion of an income-contingent loan. In our view this would simply be in fact creating a disadvantage for these women. We believe it would in fact probably lead to some women feeling that they would not take up maternity leave at all. Frankly we think it's an outrageous suggestion. We're not opposed to paying tax on paid maternity leave if it is an income which is meant to be a continuation of working; that is susceptible to income tax now and we're not opposed to the idea that income tax would be paid on it.

The period of leave I think has been very carefully thought out. We do feel that it's adequate for establishing a real way of the child being fitted into family routines. It's certainly good for breastfeeding establishment. In fact beyond six months it's usually possible to carry on some breastfeeding in conjunction with work anyway. I've done it myself so I know at least in my case it was. One of the things, however, that we would argue against very strongly is any idea that somehow or other maternity leave should be topped up by taking other forms of leave available, particularly if this applies to sick leave and to long service leave. In my view maternity requires quite enough long service as it is, and long service leave is meant to be for women who have been in the workforce for a very long time. They should not be using it up on maternity leave.

We're not saying that they should be prohibited from doing so if it's acceptable to them and to the employer as a way of working out perhaps a slightly extended period, but really maternity; women are not sick when they're having a baby. We particularly reject the idea of it being a sickness; sick leave being connected to the maternity leave period. If the woman is sick before the confinement and needs unusual medical attention, that's quite a different matter. She might use sick leave for that purpose. We do feel very strongly that maternity leave is its own distinct entity of leave and should be kept that way. We also feel very strongly that it should

not be obligatory for any of the period of leave to be taken before the confinement. Again, clearly if the work is heavy work in any way, there could be a problem and we would hope that in that case employers who valued the employee would try to find alternative work which would be suitable for her to carry out. But of course if it's necessary to make arrangements, again that comes back to the individual and the employer.

But we don't feel at all that in most of the work that women do it is any longer to suggest that they should be whisked out of public sight six weeks before the confinement. We certainly support the right of return, and we very much applaud the recognition of the rights of fathers. We think that this is an important part of the total scheme. It's not very long at the moment, but I think what would be interesting to see would be some detailed research into how the existing schemes for parental leave are actually taken up by fathers and whether there is anything in the culture of work that makes it difficult for fathers to actually take their parental leave because certainly if that's the case then that would need to be worked on before you get a satisfactory working of the idea that some period of the maternity leave is in fact transferable to the father. In other words, to move genuinely into a parental leave scheme rather than simply a maternity leave scheme with a bit of top up. We would certainly support the idea of a full-bore parental leave scheme.

Just a couple of reservations, and I think you've probably been hearing these already fairly frequently. It's not our reservation really, but it's one that some of our members have expressed and that of course I know you have heard expressed and that is the anxiety of small business to the whole scheme; the feeling that any further expense being imposed on small business will somehow or other be intolerable. It doesn't seem to some of us that the actual requirement to pay the 9 per cent superannuation at the minimum wage level is a very great imposition. I think perhaps more concern is felt in industries that are not large but employ mainly women and despite the consoling statistic that I think it's 1.1 women who are likely to be on leave at any given time.

We do have some sympathy with this. I was recently at a meeting where Marie Coleman of the National Foundation of Australian Women was suggesting that possibly there might be some form of small financial compensation made to small businesses if they could actually demonstrate that they were extremely adversely affected, but I do feel in many cases that the system has not really been looked at, that the ears have simply shut. I was rather taken aback to encounter a very hostile response from a member at a meeting and it was clear that she had not read the report and actually thought that as a small businesswoman, she would have to pay the entire amount of the salary to be paid. So I note that the commission has been working quite hard on information for small businesses but it does look as if there is a bit more education needed.

The other issue is to do with coverage. I think we would feel that this is something that should be constantly monitored in the first year. We feel very strongly that the scheme should come in now and if it is then found to have gaps, these can be dealt with. But the particular areas that we have had concerns raised in are single mothers who will not get the benefit of transferability if the parental leave is strictly defined as the father of the child. In many cases the father is not present, is not willing; willingness in a sense is not the issue, it's the issue of his non-presence. I think you've been hearing suggestions that in some cases it should be possible for the grandmother to be counted as in fact the alternate carer to the father. This has been suggested. Otherwise, really, the single mothers who are the most disadvantaged group already financially are going to yet again get the lesser benefit from the full scheme.

Indigenous women have been raised I think - the South Australian association of AFUW has put in a separate submission - and I think their particular concern is the status of CDEP work and the fact that although they are fully aware that indigenous women who do not have work available are still eligible for the baby bonus, it's not simply a question of income, it's a question again of the recognition of the kind of work that may be available to indigenous women and how that work should be valued, whether CDEP programs are regarded as real work or not. So that's single mothers, indigenous women, and certainly an area where I feel strong sympathy for in the university sector is casual staffing. It seems to me that casual staff may indeed average 10 weeks but over three different employers, in which case I think the answer was that they would not be eligible. Am I correct or incorrect in that?

MR FITZGERALD: Not eligible for the superannuation - - -

DR STRAUSS (AFUW): And not have a right of return, I think.

MR FITZGERALD: That's correct. Under the national employment standards, they don't have a right of a return to work.

DR STRAUSS (AFUW): It does concern I think people who feel that university staffing at the moment is increasingly becoming reliant on casual staff. One of the things this does is it greatly prolongs the length of time before women in academia can seriously consider having a baby. They are having babies later, they are having few babies and indeed, the whole problem of any kind of job security really does mean that it's very hard for a casual staff worker who may indeed have been working the hours but not fall within the strict eligibility criteria and I imagine that there are other industries, other professions in which this would also be true. I know of it from the university sector.

But I guess there were always going to be problems about coverage and those

are the ones that certainly we had noted and that we would like to think that these would be looked at and I thank you and I think that is all I have to say.

MR FITZGERALD: Thank you very much, Jennifer. I might just start, Angela, and then come back. I am intrigued by your issue about the income-contingent loans. You were one of the very few people that have raised funding issues with us and we are in fact obviously starting to get submissions from those that put up alternative funding models, including in relation to the income-contingent loans. Indeed, at the hearings in Canberra Bruce Chapman and Tim Higgins presented - - -

DR STRAUSS (AFUW): Yes, I am aware.

MR FITZGERALD: - - - and they have asked us to relook at their proposal, particularly and exclusively, I should say, in relation to top-ups, that is, once the government has established a mandatory scheme, if you want to increase the level of leave available, then their scheme is one that they would like us to recommend. I just want to get your views a little bit further.

DR STRAUSS (AFUW): Can I just check then, it's not a suggestion that the minimum wage part should be susceptible to an income contingent - it's not the suggestion of replacing the minimum wage with an income - - -

MR FITZGERALD: In relation to the Chapman-Higgins model, the income-contingent loan, it would be simply a top-up model, that is, once the government has determined its level of contribution, over and above that would be available to women. However, the scheme would have to be established by government for that to occur.

DR STRAUSS (AFUW): The idea that the government would still pay this as an income-contingent loan?

MR FITZGERALD: Only up to the minimum wage, only up to - - -

MS MacRAE: The government would continue to pay the 18 weeks and then for people that opted into it, the income-contingent loan would be an additional arrangement that the government would make available on a voluntary basis.

DR STRAUSS (AFUW): Yes. So in other words, it would be a government-funded additional loan?

MR FITZGERALD: Yes, correct.

DR STRAUSS (AFUW): I think you're issuing an open invitation to places like universities that already pay better conditions to abandon their better conditions for

all future staff and put that task on the government rather than on employers who employ highly professional women whose work they value at the moment by paying more than the minimum wage.

MR FITZGERALD: Okay. Angela?

MS MacRAE: I don't think there was - - -

DR STRAUSS (AFUW): We really would be very concerned and I think one scenario that is very much predicted is that we will get what I probably, in these circumstances, will call a grandmothering clause. In other words, those female staff already on university conditions which give them in fact full salary replacement will staff but that new staff may very well find that they're introduced into a scheme in which they get minimum wage.

MR FITZGERALD: Can I just talk about a couple of issues. One is in relation to casual employees. As you know, the test we established is 12 months, 10 hours per week with any employer or employers, to receive the actual parental leave itself, putting aside the paymaster function and superannuation. An alternative to that was today the ACTU has recommended that that be changed to the seven hours and six months as one alternative. Another alternative that we're looking at is that you maintain 12 months, but instead of talking about average numbers of hours per week, you simply have a total number of hours worked through that 12 months.

In other words, throughout the world there are lots of different models. The one model is that, for example, you still have to say you've got 12 months' service with one or other employers, but it's 300, 400, 500 hours per year. It does work out as an average, I might say, but it can be taken in blocks at the front end, at the back end; it doesn't matter.

DR STRAUSS (AFUW): That does sound to me like a possible solution to the casuals problem. We had some discussion at a group here in Melbourne recently about the six months as against the 12 months and it was a divided opinion. Those of us who felt it was better to take 12 months felt quite frankly that an employer who employed a woman was not allowed to ask - because he's not allowed to ask - if she is pregnant, in the early stages of pregnancy this is not necessarily obvious, might very well feel aggrieved if after four months in the firm she demanded maternity leave. We felt that the argument about attachment to the workforce needing to be demonstrated was a strong one and that therefore six months might not be long enough, you might like to go to nine months instead which is a proper gestational period. That was the reason advanced for some people thinking that six months was fraught with some possibility of industrial strife.

MR FITZGERALD: The other one that you've raised, and it has been raised with

us in different ways, is this issue about extending the category of people who can share the parental leave. At the moment we've got the mother may transfer it to the father. You would have heard the end of that last presentation which dealt with a particular group of relatives, we've got the issue of kinship carers in indigenous communities and we've got the more traditional problem of simply single women who don't have a partner at all.

DR STRAUSS (AFUW): Yes.

MR FITZGERALD: On the other hand one of the issues is we're very concerned that this scheme not be seen as simply a child care subsidised arrangement. There are other means of achieving that and this is in fact a parental leave scheme. So I was just wondering whether or not you can see ways by which we deal with the issue that you have raised, that is of single women with no permanent partner, without it becoming a much grander scheme than was intended - not a grander scheme but a more extensive scheme dealing with really child care costs.

DR STRAUSS (AFUW): It's a very tricky one this one; I can see the problems. I guess there are some family relationships which are much closer than others and therefore under proper evidential circumstances grandmothers, sisters, people who are actually within the family group. Of course, I am aware and it has come up in the Victorian Family Violence legislation that the indigenous community regarded the family group much more widely than we do so that aunts, I think, would be included in an indigenous group. I would have thought that it would not be impossible at any rate to establish in some cases evidence that there was absolutely no paternal support available but that there was support available and willing from a close family relative.

You may say that this is pushing out the boundary even more for single mothers who have no such support available and I don't know that at the moment I can give you answer other than what I have just given you.

MR FITZGERALD: The other issue for us is whilst there may be some single mothers who would return to work within the 18-week period, our assessment would be that that would be extremely low. All the evidence we have is that women want to extend the period of leave. For an 18-week leave period people would take, but they would take more than that. So I suppose from our point of view, what would be the likely impact in terms of numbers, given that we are only talking about the 18-week period? In other words, would single parents in fact return less than - - -

MS MacRAE: I think the query about it, Robert, is to make the two weeks' paternity leave available to someone other than the father. That was your point, isn't it?

DR STRAUSS (AFUW): Yes.

MR FITZGERALD: Or just the parental leave?

MS MacRAE: Perhaps it was both.

DR STRAUSS (AFUW): I think at least, at the very minimum the two weeks available to the father which, if taken after the maternity leave period, means at least that there are 20 weeks available. I was really thinking of that period.

MR FITZGERALD: Okay.

DR STRAUSS (AFUW): Once you extend beyond that, I think it does become difficult it may be that there needs to be an examination of social benefits other than - - -

MR FITZGERALD: Sorry, I thought you were talking about the shared parental leave.

DR STRAUSS (AFUW): No, we were really of the fact that these women don't get the advantage of the two weeks - - -

MR FITZGERALD: Sorry, that was my misunderstanding. I thought you were talking about the shared period, because most single women won't go back within 18 weeks. That is so unlikely to be the case. Just one of the things you didn't raise but we're aware of a problem in the way in which we've expressed the issue about concurrent leave or non-concurrent leave, that is, that this has to be taken within six months but following other leave. What we were trying to do is not prescribe which leave goes first, but rather we were trying to avoid a situation where people took concurrent leave. We are very mindful that, in relation to university employees, our scheme could preclude them from receiving this benefit taken in the way that we have described it because they already get six months' leave.

So we're aware that we have to change or modify our position on that. The question I've got is, should we be concerned about concurrent leave at all or not? In other words, we can simply say you have to start this within six months, but make no reference at all to whether or not you take other leave before, after or at the same time. In other words, should we be concerned about concurrency or not?

DR STRAUSS (AFUW): I'd be inclined to say that you should simply say that you should take the leave within six months. Sorry, I am finding this a bit difficult to get my head around. The more you say, the more likely you are to find yourself in difficulties in probably.

MR FITZGERALD: Which we have successfully done.

DR STRAUSS (AFUW): As I say, there is a point at which probably really things have to be worked out by the woman and the employer, but I think that certainly it should be clear to employers that they should not be able to enforce the taking of maternity leave prior to the confinement.

MR FITZGERALD: No, that's fine.

DR STRAUSS (AFUW): That is something that we feel very strongly about and perhaps also that it should be made clear to them that having a child is not an illness. But if that distinction were made, that it should be taken after the birth - which is in your current recommendations anyway - and that it be clear that in fact there is a need to use sick leave before the confinement that, I think, is legitimate; that if there is an exceptional case that sick leave could be used for that purpose. Whether they may wish to allow the woman to commence maternity leave before the baby is born seems to me probably something that can only be worked out really between the individual and the employer.

MR FITZGERALD: All right, good. Thank you very much for that. Thanks again for presenting and we appreciate that.

MS MacRAE: Thank you.

DR STRAUSS (AFUW): Thank you.

MR FITZGERALD: Australian Chamber of Commerce and Industry. Your full name and the organisation that you represent and then an opening comment and then we will have a discussion.

MR BARKLAMB (ACCI): Thank you very much. Scott Cameron Barklamb, I'm director workplace policy with the Australian Chamber of Commerce and Industry.

MR MAMMONE (ACCI): Daniel Mammone, manager workplace relations and legal affairs, Australian Chamber of Commerce and Industry.

MR FITZGERALD: Thank you. If you could open.

MR BARKLAMB (ACCI): I want to make a very short opening today, I hope, and you have the benefit of our previous submission and our testimony in this room some months ago. You also have our second reply submission handed up today and that will be on our web site. We in turn have your draft report. That's the basis for our conversation this morning.

MR FITZGERALD: Sure.

MR BARKLAMB (ACCI): I want to frame what we want to say today as a reply to the draft report and that's probably the best way to get into it and I want to start with what we say are some positive perspectives and conclusions we think you've reached to date and I'll just start by briefly reading almost the very start of what we've got to say and that is, we agree with the broad approach of framing a paid parental leave model for future government consideration based on (a) a government-funded scheme; (b) zero rated at the level of the minimum wage and (c) implemented by recasting the existing baby bonus scheme.

We think these are positive steps towards a constructive model for government to consider. One of the keys to draw out we think is the proposal to recast and replace the baby bonus. For ACCI that appears an essential funding approach. It provides the financial space, if you will, to provide the government with meaningful paid parental leave options. We suspect today, however, that both you and ourselves want to focus on where the recommendations occur that we demur from and where we seek to have you change your interim or draft approach. There are really only two key things that we want to focus on and our submission bears down to two key changes and they are very simple ones. The first is that we don't wish to assume the role of paymasters and these simply aren't contentions or "we don't want tos" or anything like that.

For reasons we set out in our first submission and take further, we would support a scheme which government both funds and acts as the payer of. Secondly,

we also wish you to revisit the proposal that employers be tagged as the ultimate funders and payers of superannuation. We feel that is a direct cost impost to employers at odds with what the government expects of a scheme and at odds, we say, with the potential negative impacts which we have been asked to consider and avoid. These aren't just contentions, across both submissions we provide detailed reasons for our position. I want to touch on a few brief points this morning and provide you with our view of alternatives, because I very clearly want to come to you constructively and say, "We believe there are alternatives to what is here."

If you'll just bear with me again for two seconds. Employers considers there are various settings in the draft commission model which could be improved upon and which would deliver a superior and more sustainable parental leave scheme and a superior model for government consideration. That's the basis for our submission. We think government was very clear that it only wants a scheme or wishes to consider a scheme that does not have a negative cost impact on employers or any dangers for the employment and employability of women. We think we can modify the proposal or you can modify the proposal to achieve that end. But it does require changes to the existing draft and draft model.

There's no inherent objection from us to an 18-week scheme or indeed an adjustment to that scheme to see the government pay superannuation, an alternative I'll get to shortly; noting of course that we were concerned about top-ups and an 18-week scheme potentially opens the top-up issue to an 18-week quantum. That's not something we wish to take further with you. Your draft scheme also however proposes that we advance the government money and it proposes that we do so in a tight credit market and we consider that the proposal is more costly and impacting upon employers of all sizes than you conclude to date in your initial reports. That's an area which we want to take up further as well.

In section 6 of our submission we spend some time in detail about unrecognised flow-on costs and they are things like the accrual of additional leave, if it is to be treated as wages payable by employers, payroll tax liabilities, workers compensation liabilities and the like. So we think that the sums are somewhat different than they may be considered and they're different both for the idea we become the payer and that is the context in which this approximately \$900 of superannuation has to be viewed. I am indebted to the questions of the last speaker about businesses that might have multiple off at once; that certainly multiplies the \$900 of itself.

But we go through at various points in my submission the cascading costs employers incur when people are on parental leave, and indeed particularly for administering the scheme, and believe that's the basis on which the superannuation proposition has to be considered. There are two alternatives we invite you to consider on superannuation. If we're talking about 74 or 75 million dollars out of a scheme that is some hundreds of millions of dollars in breadth, perhaps 480, on your net overall

impression, the government should be provided with a proposal and option where it simply pays both.

The simplest and clearest option is the government both funds and pays a wage component, for want of a better way of putting it, and a superannuation component. A secondary proposition, if you believe the government's costs are fixed, if you believe the budget parameters are such that - I think it's \$480,000,000 is the outside, an option is to adjust downwards the 18 weeks to pay 9 per cent superannuation by the government. Now, we have calculated that at 16.4 weeks or approximately eight days. We don't think eight days is going to change the return-to-work incentives and behaviours that have led you to recommend the scheme overall. That's the second of the options that would be a possibility.

We have two alternatives on the payment issue. This is the issue of who acts as the paymaster for a scheme. We understand we are behind you a fair distance on this, because I think you've been to New Zealand, but we understand that the point at which someone proceeds on maternity leave their payment and funding becomes a government responsibility as a transfer and we think that's the neatest, the cleanest and it removes a number of flow-on costs and liabilities which provide us with some concerns with the scheme proposal to date. Failing that, the second alternative, we note, from the UK is that you have an additional loading or recompense to employers effectively for advancing the government money; that is for small businesses in the UK I think they get 104 and a half cents back in the dollar.

Again it's probably something you're more familiar with in detail than us. But as a secondary proposition, at least that makes some account of the costs and flow-on concerns we raise. I want to raise in conclusion three last specific things and then get into it further, and we do commend the detail of our analysis to you. In section 3 we have tried to address the withholding tax. We're very interested in having a conversation with you about this, because we're not claiming we have correctly understood it necessarily. This is the context in which we would be acting as paymasters for some later remittal from the government and I want to make sure we have understood how it works correctly and perhaps have a bit of a conversation about the impact of that.

We have raised an issue at page 52 and it's only very brief. It's only very briefly arranged but it's the constitutional proposition of whether there would be an acquisition of property on unjust terms for the government to seek to have employers advance it money without the payment of interest. We have just thrown it out there for something to think about advice on. If I give you \$100 now and you return me \$100 in some period of time, there is an acquisition of an interest right, as I'm sure you'd see. The final thing I want to mention, and probably not too much need by said on it but obviously the economic context in which any inquiry proceeds is relevant.

There's a question of what the proper scheme is generally, there's also a question of what sort of scheme can be accommodated in the particular environment into which it might be introduced. So certainly it wouldn't surprise you if we indicated that we would support you considering options for gradual introduction, phasing; providing the government, as I said first up, with options for a scheme they can introduce most practically with the support and certainly non-opposition of organisations like ours. We would like the end point to be a scheme the government can consider and one which we can support being considered by the government, and that's the basis of our further contribution today.

MR FITZGERALD: Any other comments? Good. Look, thanks for that. You have given us a very detailed proposal. You're right, we're really only at odds on a couple of significant points; although by the end of this inquiry all of the component parts of this scheme will be under review. I just want to deal with a couple of things that are not in contention, but to be clear. A number of submissions have indicated to us that our eligibility criteria for determining whether an employee is entitled to paid parental leave should be varied from the current 12 months, 10 hours per week, to a lesser version. The ACTU this morning in their presentation are suggesting six months, seven hours, and there are a number of variations. Given that that's not a point of contention, are we to assume that you believe that that's a reasonable eligibility criteria?

MR BARKLAMB (ACCI): Well, not necessarily. I do apologise, that your original recommendation is not something we demur from?

MR FITZGERALD: Yes.

MR BARKLAMB (ACCI): I'll give you a little bit of history and then I'll give you a current position.

MR FITZGERALD: Yes.

MR BARKLAMB (ACCI): As I understood the parental leave for casuals provision in awards, because that's the genesis of the national employment standards, which are, quite properly, the foundation you've worked for, so contention A, we support the nexus between the eligibility criteria in the NES and the eligibility for a scheme, we think that's a sound decision. To do otherwise would complicate administration for employers significantly potentially, although - look, perhaps I'll come back to that point, we might take that one up further. That was a consent position in the awards. The year was agreed between ourselves and unions for introduction into awards, as I understand it.

What we would be concerned about is that the number of hours per week and the

duration offer enough of work through a business cycle to make a judgment or to reliably make an assumption that casual would have been re-engaged or is part of the ordinary business. So I think you mentioned to my predecessor it's both continuous service across a period and a number of weeks. The continuous service is very important, but businesses can go through phases where they use a great degree of casual employment, maybe up to a year or even two years and then that ebbs and flows and comes back. I would think indeed in the summer period this year even in retail and hospitality, with a downturn, a lot of casual employment might fall off. So not something we have turned our mind to in detail. We could discuss it further. But a priority, a year seems a reasonable idea. 10 hours a week is approximately one and a bit shifts on a full-day's work, which is 7.6 hours ordinarily, so perhaps it's a day and a half towards two days' work, that seems like a reasonable assumption for an engagement in the workplace. It's not something we'd be opposed to talking further about, but, core point, I just want to go very quickly back to one point, I don't want to waste too much time on this, but the nexus to the NES, the National Employment Standards, seems a very important one.

Only reason you could perhaps have an option, if you wanted to go into the other half, the baby bonus replacement, if you will, for the non-engaged, if you wanted to make some assumptions, there could be a halfway assumption or model for the people who work small numbers of casual hours. So assuming it was a minimal additional impost or involvement from employers, there may be some small group of people with lower casual engagements, there might be some halfway point for them. That's a very instant reaction to what I've heard today.

MS MacRAE: Just while we're on that particular point, when we heard from the AMMA, metals and minerals, the 12 months was fine because that was from the NES, but they seemed quite concerned about the 10 hours, their argument to us was that they would rather stick with the pure definition of "casual" within the NES, that that was a definition they were familiar with, and that adding the 10 hours was a new definition and that that was a complication. We added the 10 hours partly because we did want a broader range of eligibility, but also because we thought it was an easier definition than the words that are used to define casual for the purposes of the NES. Do you have a view on that?

MR BARKLAMB (ACCI): I do and it's not necessarily contradictory of what I just said - the AMMA are members of my organisation. They are quite right that as employers we are familiar with the definition of casuals. We are quite able to advise on which casual employees should or should not currently have access to paid parental leave. So they are concepts we are quite able to deal with.

MS MacRAE: Unpaid, you mean, sorry.

MR BARKLAMB (ACCI): Sorry?

MS MacRAE: Advising on unpaid parental leave.

MR BARKLAMB (ACCI): Unpaid parental leave, yes, sorry.

MS MacRAE: You said "paid".

MR BARKLAMB (ACCI): It's easy to get tongue-tied across these things. So they're industrial concepts we're able to advise on quite well at the moment. They have, in the mining industry, some fairly complex hours' arrangements; fly in, flight outs; contract style arrangements; short-term engagements, that might be their concern about the 10 hours and I'd rely on their operational knowledge if they say it might be difficult. That may well have some difficulties I'm not aware of.

MS MacRAE: I was just interested to make sure I had your position clear.

MR FITZGERALD: I suppose from our point of view, given that this is a government-administered scheme, irrespective of the paymaster function, clarity and certainty probably helps in this environment, if the hours are reasonable, and they seem to be.

MR BARKLAMB (ACCI): Clarity and certainty certainly do help, but I go back to what I said earlier, we are quite able to administer advice on the existing definition of casuals and access to unpaid parental leave.

MR FITZGERALD: Okay. Just moving to some of your points and Angela may have some questions, if I can go to one of the very last points you have raised, but it's almost an incidental one. You have noted the constitutional issue about property on just terms and I don't want to go into constitutional discussion and neither do you, except to say, what is the current arrangement in relation to the payment of army reserves? Is it not the case already that employers make payments to army reservists and you are reimbursed by the government?

MR BARKLAMB (ACCI): I understand there are a variety of pay options with army reservists, and I'm speaking off the top of - - -

MR FITZGERALD: That's normally the case, isn't it?

MR BARKLAMB (ACCI): It may well be the case but I'm not sure it's mandatory. So it may be that where you choose to advance your reservist an amount of money the government reimburses you, but you're not required to - - -

MR FITZGERALD: But it's not unfamiliar. The other thing too is just away from that issue, employers currently have to in fact make a whole lot of payments in

relation to child support arrangements as well. They're of a different nature because the government is not reimbursing you.

MR BARKLAMB (ACCI): No.

MR FITZGERALD: But the notion that the employer is required to make a number of unusual arrangements on behalf of employers is already in our system, is it not?

MR BARKLAMB (ACCI): Employers are certainly required to make deductions, HECS, child support payments and the like. That is a slightly different proposition.

MR FITZGERALD: Yes, it is but I'm making a different point. I'm making the point that the notion of employers having to make unusual arrangements is in fact stock and standard of running business today.

MR BARKLAMB (ACCI): Employers certainly have to deal with a myriad of deductions, health insurance, private school fees, laptop payments, any number of things. But the way we've boiled it down here and it may be an unfair analogy, but we're effectively being asked to advance the government money.

MR FITZGERALD: Let me go to that point. You have put forward - there are a number of propositions that could flourish. One is you've put forward the UK model where there does seem to be some sort of 100 per cent plus to acknowledge some of those costs. An alternative is to ensure that the government pays almost in advance. In other words, upon notice that somebody is taking leave you get payment for two weeks or whatever it is and it runs almost in advance, because if you take the PAYG withholding, a lot of firms put those in on a two-day basis, weekly basis, fortnightly cycles.

Let's just take an employer that puts it in on a monthly basis and they're generally smaller employers. The worse that they can be out of pocket in the current model is if you paid the employee on day one, the first day of the 28 cycle, you pay a second payment of the instalment 14 days later - so that's two weeks, two lots of two weeks' instalments - the employer can only be out of pocket for 28 days in relation to the first payment and 14 days out the second because you actually deduct it. You don't get a cheque from the government, you actually deduct it from the payment you make to the government. So in the worst-case scenario if you put in a PAYG withholding for one month, you can only be out of pocket for 28 days and 14 days. A lot of your members put in returns much earlier. So even in our arrangement, am I right in saying that the actual period of time we're talking about cash flow is quite small? I'm not saying that you have to agree that it's reasonable, but that would be the case.

If we could in fact get you to a better position, that is in fact you get paid earlier, we actually get down to literally days because you withhold the payment, you don't wait for a cheque.

MR BARKLAMB (ACCI): Absolutely. The starting point, New Zealand is so much cleaner again. The employee proceeds on paid leave, a tax form goes in and it's between them and the Tax Department.

MR FITZGERALD: We understand that.

MR BARKLAMB (ACCI): Yes, but I think it's worth the point being made.

MR FITZGERALD: We looked at that model extensively.

MR BARKLAMB (ACCI): We think that's the superior model and approach to these things. If it is as you chart, and I'm sure it is, you're right in the sense that the money may be returned within some period of imminence. However, we go through in here in detail that the employer - perhaps I'll tell a bit of a story. The economy is in a bit of trouble. People are extending pay terms. People are seeking to turn their 30 days into 60, people would be regularly overrunning in the current economy their 60 days. A lot of supply and transport costs have gone up considerably, so cash flow is very difficult. It's very, very difficult out there for businesses. So even within the model you chart there are some very tight cash flow concerns, particularly in - I think people were mentioning before, there is a concentration of women's and parental work in areas like retail and hospital. That's where the things are particularly acute.

That is one piece of context. The other is that you are paying a replacement employee. Not just 100 per cent, but 100 per cent plus a premium to pay someone for a less than ongoing job.

MR FITZGERALD: But you did acknowledge that particular component is already with you.

MR BARKLAMB (ACCI): Absolutely, but it is a cost, it is a live cost in my weekly reckoning.

MR FITZGERALD: We understand that. That exists because of the NES arrangements where you can take unpaid parental leave.

MR BARKLAMB (ACCI): We completely support the taking of unpaid - but it is a cost context and when people might characterise this as to what costs should go to which area, there is an existing cost base for employers and - - -

MR FITZGERALD: I will look at yours in detail, but just one thing: you're

saying to us the concern about the paymaster function is because of the imposed cost that it has, not because in and of itself it is a bad thing. I understand you'd prefer a New Zealand model, but we've come to a view that this is a work-related payment. So let's assume for a moment we reject the New Zealand model, just for a moment, the important thing from your point of view is that we reduce the cost burden on business to the lowest possible level, preferably zero, as distinct from saying you don't believe being a paymaster is appropriate.

MR BARKLAMB (ACCI): We certainly do believe not being a paymaster is appropriate. But assuming you disposed of the New Zealand model, which we is something we'd encourage not to occur, but as a discussion point now - - -

MR FITZGERALD: Just at this moment.

MR BARKLAMB (ACCI): Yes. We don't think necessarily that a payment in advance or concurrence completely disposes of our costs and additional costs and you'll see we said quite a few things about wage based accruals. If we pay this as a wage, a whole lot of things go along with that. Having said that, so even if it were paid almost instantaneously, that would not remove the need for the secondary position we have advanced for you which is the UK, there would still be costs to us which we think would be borne best by some premium or assistance.

MR FITZGERALD: Yes, that's okay, and we'll look at that. Thanks for that.

MS MacRAE: A couple of other things that I just wanted to raise with you: one of the issues that has come up and which we are silent in the draft, but I'd be interested in your views, is whether or not should a scheme such as the one we're proposing or something different to that be adopted, whether it would be, from your point of view, preferable to have that reflected in the National Employment Standards or through a stand-alone piece of separate legislation and why you might have one view over another on that.

MR BARKLAMB (ACCI): I might tell perhaps an industrial story. The creation of the maternity leave clause was groundbreaking in Australia at the time. But with due respect to my older and wiser industrial relations colleagues, it was very long and very hard to deal with. The statutory standards that were created by the coalition government in WorkChoices are even longer and more difficult again to deal with. A professional industrial relations person, I could tell you I almost don't understand them. What the new National Employment Standards offer on the positive side - and we have a great deal to say on the negative side - is they're clear, they're concise and they tell you who is entitled to what from the employer.

I think we would be a little concerned if they started to bring in an externality of a government agency dealing with a government-funded scheme, and we believe it

should be, so recalling our general submission about what should revert to government. I think we think this is a government scheme to be administered as a government scheme as an externality - not to hammer on too much, but New Zealand is a pretty sound approach to us. I don't think we would support working the operation and detail of a funding based scheme into the National Employment Standards.

MS MacRAE: Okay, thank you. Just on that general point, obviously it's neater and cheaper, as you've said, to just, "Why doesn't the government pay everybody and why have we got this role for employers?" If I can just put our case for that and just ask you to respond on that. One of the issues that we have been very concerned about, and it has come up a lot in our discussions earlier this morning, is in relation to whether this payment would be seen in the general community as a welfare payment or something that's a workplace entitlement. We have been firmly of the view that this is a workplace entitlement. Obviously it's different from other workplace entitlements because the employers are not funding at least the majority of it, if we keep the super component. But we do want to base it squarely in the province of an industrial entitlement rather than a welfare arrangement and because of that then follows the fact that we don't means test it, that we have an employment-eligibility test, all of those things follow. So that's one of the reasons that we had employers involved.

The other is that we thought it was also important, and we heard a lot in the submissions and the hearings that we had on the first round, is that women often felt that they lost touch with their workplace and so if there as an ongoing arrangement where the employer was paying them - and we've also made the proposal of some keeping in touch provisions for employers - that having that ongoing payment arrangement possibly for large firms wouldn't make a big difference because they have a separate pay area that doles out the cheques, but for smaller businesses in particular it keeps that employee front of mind, encourages that ongoing relationship that may then help the workplace attachment and return to work which we saw as a benefit to employers and employees. So that was another reason that we saw for having employers involved. I just wondered if you'd like to respond on that.

MR BARKLAMB (ACCI): I will respond to the second one first. The idea of keeping an employee in touch with the employer we'd very strongly support. We pushed hard in various industrial negotiations we've had for keeping in touch style provisions where we spent a lot of time talking about the notice period and I think you made a recommendation about that. Go at things directly, I think would be our ammunition there, tell the minister to change the National Employment Standards to either require of us or the employee, "Are you keeping in touch?" The idea that you do that through a maternity leave or periodic payment I've got some trouble with and I'll run through that now.

Employers EFT wages. The fact that a line item appears in my bank account each week saying it comes from XYZ Pty Ltd, "Oh, they gave me flowers, didn't they, six months ago?" I'm not sure that of itself the fact that a periodical payment is coming from a nominated electronically printed four-line source in your bank statement keeps someone in touch any more. The second proposition I'd advance there is the losing touch, from the way I understand it, happens in the second or latter half of someone's paternity leave or parental leave period away from the workplace. This is an 18-week payment. That's the period where you're either adjusting to the shock of having a new child, but that's not the time where people fall away from their attachment and interest in the workplace or move on conceptually or consider whether they're going to have a second child or evaluate whether they're going to come back to work. That's generally towards the back end.

What we understand is this is a proposal for payment within the period that most people actually take off work. Now, I know it has return-to-work benefits, that's the reason we're talking about this scheme altogether, but I think we'd have a lot of trouble with that as a purpose justifying an employer payment. Go at it directly, require us to write to people saying, "Please come in and see me and have lunch." We'd be far happier with that than a paymaster function in lots of ways. To go to your first principle about whether it is a welfare or workplace entitlement, I'm sure you're getting at more than symbolism in this. But you make a really interesting comment right up the front of your submission where you talk about the characterisation of the Australian paid leave scheme.

You mention at page 7 of your report, the italics 7, "Australia's near unique status is largely a semantic distinction," ie, you know, people who stand up and say we're behind Botswana or most hilariously Afghanistan in not having a paid parental leave scheme. As I think I told you last time, women weren't allowed to work in Afghanistan at the time that was said. We would be concerned if a semantic distinction or symbolism put a scheme in the wrong terms and the way we put it in the report is we don't see anyone saying that New Zealand has any less a paid maternity leave scheme than any other country because it becomes a government payment. We think it's conflating two very separate concepts. There are a range of things we can do around return to work, around attachment, we have a strong return-to-work obligation. If it's right that the money itself is encouraging of a return to work, and that is one of the rationales to do this, we think that will do its work.

The fact that the employer is a payer (a) we dispute the contention or the effectiveness of it and (b) even then, it would need to be weighed, and we have identified a range of unintended and flow-on cost consequences which even were that premise to stand, we say should outweigh it.

MR FITZGERALD: In relation to the accrued leave which you're talking about and payroll tax stuff where you're seeking advice in relation to a number of those

areas, it's not absolutely clear to us on the advice that we have received that they are automatically a consequence of what we have proposed, but we will be looking at those arrangements. But in relation to those additional leave, if you take the view - which you obviously don't agree with, but if you did - that this is a workplace entitlement, not simply a welfare payment disguised as one, and we strongly believe it isn't, some would say, as the ACTU and other unions and women's groups have said to us, it's only logical that other accrued leave arrangements such as sick leave and annual leave should apply to this.

Now, I acknowledge that if that were to be the case there would be a cost. But if the premise is that this is in time to be seen simply as an employment-related entitlement, then the logic does flow, they would say, that accrued other entitlement should in fact be attracted to this.

MR BARKLAMB (ACCI): I'd make a couple of points in relation to that. Your express terms of reference are your terms of reference, they are not the extraneous comments of the government, but I will read one out because it's one we will be reading back to them at some stage in the future:

"Soon to be ministers Gillard, Macklin and Plibersek said on 13 July 2007, 'A Rudd government will not support a system that imposes additional financial burdens or administrative complexity on small business or in any way acts as a discouragement to the employment of women.'"

We think the costs are quite significant ones. So they are of concern to precisely the parameters the government set for its consideration of a scheme in the future and one of the things I'm happiest with in our submission is I've actually gone through using the average female weekly wage of \$1010 a week and calculated what the additional annual leave accrual is, additional personal leave, additional long service leave. We weren't able to give you a figure for payroll tax because Daniel had a look at it and it's very, very complex. But that is clearly a liability, we believe - I do apologise, Robert, as you say, you've got research, it needs to be examined. Perhaps it's not as crystal clear - - -

MR FITZGERALD: We got advice.

MR BARKLAMB (ACCI): It's perhaps not as crystal clear as we're putting to you, but it's a concern. What we have said there, and it doesn't quite answer your question, but I think it's worth me making the point here today, is a recommendation - say, this goes down the course we proposed, the state government should be required before any scheme was introduced, to explicitly, publicly state that they'll exempt all paid parental leave payments from workers compensation and from payroll tax. I'm not saying it's a complete answer, it's a concern from us but if we

were to go down that path, the states certainly have a roll to play because it's not money they presently collect.

MR FITZGERALD: Sure.

MS MacRAE: I might say that we appreciate that you've brought that to our attention because we had thought about the accrued leave and what have you but we hadn't included that.

MR FITZGERALD: One of your members mentioned the payroll tax the other day so we are looking at that as well.

MS MacRAE: Yes, we're looking at that now.

MR FITZGERALD: Other questions?

MS MacRAE: One of the other things which we've had a lot of comment on in the post-draft submissions is in relation to what will happen to existing voluntary arrangements and I wonder if you would have a general view on that from your membership and related to that is a general call in some submissions for something like a no-disadvantage test and how you would see that.

MR BARKLAMB (ACCI): I haven't got a consulted view. I've not put it to my members. I'll give you a personal piece of analysis from myself, what I would do if I was sitting as a human resource manager. I'd probably turn around and say - I'm in collective agreement context - turn around with the figure that I've got for my workplace and I'd say, "Our existing six weeks' full pay or 12 weeks' at half-pay" - or whatever my scheme is, I'd say, "this costs me across my business X amount. I can pledge you X amount either as a top-up or an extension and we can sort this out when we're all done and you can walk out the door or is there another area you want me to spend this in?" Maternity leave is one component of the work-family diversity balance. Do you take the government scheme and do you take your expenditure as an employer and spend it elsewhere? Does it become more important as distinct from parental leave to build a children's room. Do you start to do something around elderly care? Is there something you do in the community?

I'd caution against an assumption that introducing this scheme should in all and every cases see an exact top-up and addition of what is there. That may be the industrial reality. It may be in 95 per cent of cases. Something we would certainly say is there should be no unintended penalty or discouragement to the early adopters and, others would say, good citizens in this area, but they certainly need to be rewarded and protected and taken into account. That needs to be carefully examined. But as I say, it's not to me a hundred per cent given that you would simply add or maintain the existing amount of money in exactly the same area.

MR FITZGERALD: Sure. As you're aware, we haven't recommended that that be a prescription. We fully anticipate that employers, through collective bargaining, will in fact adopt different arrangements. What we don't think they will do is reduce the total quantum available, although others are not so convinced of that view. Can I just make one comment?

MR BARKLAMB (ACCI): Sure.

MR FITZGERALD: It does mean that into the future, we will see merged schemes. We will see schemes that have mandatory components, voluntary components, longer, higher, different, and in the end it reinforces our view that this is in fact an employment-related proposal; you can't say that the voluntary is and the mandatory isn't. In the end, we won't be having this conversation in five or 10 years; Australia will have adopted a scheme and it will all merge, as it has in other countries, as employers tell us it will here.

MR BARKLAMB (ACCI): I go to my point: I'm not too sure that the New Zealanders are necessarily on the wrong track or that their scheme will be any worse off in five years than ours, with a role where government assumes responsibility of being the payer. I've not done research with my New Zealand colleagues but I fully suspect that some of their larger employers are doing things themselves in addition to the government payments.

MR FITZGERALD: They have a significantly smaller number of firms providing voluntary paid parental leave arrangements as before the scheme was introduced and after.

MR BARKLAMB (ACCI): And they have a much different prevalence of large companies to Australia and most countries as well

MR FITZGERALD: Absolutely.

MR BARKLAMB (ACCI): So you would want to look carefully into why that was. There are various interactions of industrial relations and external payments, so employers agree to top up statutory super, which is complicated; employers agree to income maintenance at odds with the operation of state workers compensation and rehabilitation schemes, things like accident make-up pay, which is complicated. It's an interaction of government payment and an external payment. People add extra moneys to redundancy schemes and contributory schemes in the construction industry. We often call for things to be simpler but I'm not sure that we are incapable of articulating interested employers' own efforts in addition to an entirely government-funded scheme. I can't see that we're very difficult - not wanting to concede these things from my colleagues' claims - but say we were right and you

accepted that the government pay a minimum wage based scheme; it would be quite a simple matter industrially to have the employer top that up. Now, tax arrangements you may have to take into account. You must adjust your payment for a tax arrangement but it would be a simple enough calculation. Perhaps I'll end that point this way: my colleagues at the ACTU would be well capable of framing a claim against us that they say is operative in addition to a government-funded scheme.

MR FITZGERALD: I have no doubt about that. That's true. We're just about out of time for this particular section, but are there final questions you have?

MS MacRAE: Just a very final one, to just question whether or not you were happy about using the federal minimum wage as the basis for a government-provided scheme and the linking of the federal minimum wage to the payment that the government might make.

MR BARKLAMB (ACCI): We think that is an appropriate base. It's the calculation of the industrial system of the minimum wage based payment that should flow. Just to go back to our last point about where government payments and employer payments - I don't want to say the word "blur", but where there's concurrence, minimum wage has some relevance I think to some social security payments or it's certainly used as an assessment against them periodically by various people.

No, we support the thing being zero rated, so the same rate to all recipients, and we think the minimum wage is probably the appropriate starting point to balance its approach on the budget. So as I said in the introduction this morning, we're going to focus on what we disagree on.

MS MacRAE: Yes.

MR BARKLAMB (ACCI): One of our clear recitations at the start is we think you've got it right in using the minimum wage and right in applying the same rate to all recipients.

MS MacRAE: Great, thank you.

MR FITZGERALD: Thanks for that, and I look forward to reading the submission. We'll now break just for 15 minutes and resume with the National Tertiary Education Union.

MR FITZGERALD: It's over to you for some opening comments and then we'll have a bit of a chat.

MS McDONALD (NTEU): My name is Terri McDonald. I work for the National Tertiary Education Union and I am a policy and research officer.

MS MAY (NTEU): I'm Robyn May, national industrial officer with the NTEU.

MR FITZGERALD: Fine, okay. Over to you.

MS McDONALD (NTEU): Okay. We just want to make a few comments and then I'll hand over to Robyn and she will outline some of our concerns - not concerns but some of the things that we would like to bring to the attention of the commission, particularly in relation to our members.

We have 26,000 staff. We represent more than 26,000 staff in the university sector. Women comprise 54 per cent of our membership and they are very well represented on the union's various committees and subcommittees. NTEU is in a unique position to contribute to this inquiry as our membership is largely employed in a sector which already provides for paid maternity leave or parental leave. As noted in our submission to the commission's inquiry in June, we have 26 weeks' paid parental leave as a minimum standard across the university sector and with eight institutions providing up to 36 weeks' paid leave. These conditions have come about as a result of our collective bargaining efforts.

Our position is based on the principle that we believe that paid parental leave is a fundamental right for all workers in Australia and like the draft report, we have argued that paid parental leave is critical for gender equity, social justice and for improving women's participation in the workforce. We note that by international standards, women's participation in the workforce in Australia is relatively low, so that's something that we believe needs to be addressed and we think that can be done through paid parental leave.

While we've made significant headway in terms of employer-funded maternity and parental leave, we recognise this is certainly not the case for the majority of women in paid employment, therefore our response to the inquiry has been twofold. While we are responding to the inquiry's draft report in terms of its effects of its recommendations on staff who work in the higher education sector, we are also mindful that the proposed scheme will provide access to paid parental leave for a significant number of workers who are currently denied this. As such, we believe it is vital that any proposed plan for universal parental leave must be flexible enough to accommodate both workers who currently have access to employer-paid leave and those who do not.

In particular, we believe it is very important that it does not have the effect of undermining what already exists which has been long and hard fought for. In general, we believe that the principles behind the recommendation made in the draft report should be commended and we have said so. In particular, the union supports recommendations that establish parental leave as an industrial entitlement. We thoroughly applaud the broad policy definition of "family" to include same sex, single parents and adoptive parents. We believe that reasonable paid leave for supporting parents and caregivers is excellent and we also believe one of the strengths of it is that it covers for casual and part-time workers, albeit at 80 per cent of what's estimated to be there. This is very important because within the university sector, we have an extraordinarily high rate of casualised employment and for those who may not be entitled to paid parental leave under the collective bargaining, we believe that a significant number of those will be then able to apply for paid parental leave under the system. We also think it's very, very commendable that superannuation is included as part of this.

We support the aims of the report, particularly those which seek to promote through policy six month's exclusive breastfeeding, with the emphasis on a post-birth and recovery period; the calls for improved government policy to better support parents. We think it's excellent that this system is attempting to normalise birth and care in the context of work because that leads of course to improving the family-work balance which is something that is actually quite a problem in this country, and of course improving gender equity and women's participation in the workforce.

MS MAY (NTEU): I'm just going to talk to the concerns that we have with the recommendations as they currently stand, the draft recommendations, and in addressing those concerns, I note that we are speaking in relation to paid parental leave as it currently applies to staff in universities, so our concerns addressing that area. Our recommendations that we make in our submission are aimed at ensuring that our members and indeed all university staff are not inadvertently disadvantaged by the implementation of a government-funded scheme.

So our first point is in relation to the commission's draft recommendation 2.1. We believe that income should be at full replacement wage. Our experience has shown that full income replacement during the period of paid maternity leave - or parental leave, as it is - has produced the desired outcomes of extremely high return-to-work rates. Research that we have found from the Group of Eight indicates that return-to-work rates in the university sector are of the order of 80 per cent plus and rising and we believe that's associated with the improved entitlements over time and that works towards the aim of improving women's labour-force attachment, which is part of what the commission is talking about.

We believe that the issue of the level of paid leave may become increasingly important in the slowing economy, with concerns that lack of full income replacement for the period of parental leave may in fact prove a disincentive for some families to have a child or in addition it may mean that for some who do have a child there may be financial pressure either to return to work early or alternatively to seek social welfare and drop out of the paid labour force. Finally on that point, we agree however that, should the recipient of the scheme be earning less than federal minimum wage, in the interests of equity, the federal minimum should apply in that case.

Our second point was in relation to superannuation, again draft recommendation 2.1, and we're arguing that the employer contribution should be at the existing rate, not capped at 9 per cent. The vast majority of staff in the university sector are members of the industry superannuation fund UniSuper and certainly the ongoing fixed term staff receive a 17 per cent superannuation entitlement and that entitlement is paid to staff when they're on paid parental leave in the same way that it's paid on annual leave, sick leave, long service leave and so on.

For those staff who receive the 17 per cent in reduction in superannuation benefit for an 18-week period would not only be an administrative headache for universities, it would also represent a diminution of conditions for those staff and it would undermine the commission's stated intention to support women's workforce attachment. So our recommendation there is that the employer be required to maintain the existing superannuation rate for the employee for any period of paid parental leave, with the only exception being that if the employee, in the case of some of casual staff, receives less than 9 per cent, that the employer be required to pay the 9 per cent in that case.

Our third point goes to problems with recommendation 2.7, which presented a number of difficulties for us. Whilst of course we strongly support the creation of the universal paid parental scheme, we just wanted to make a number of recommendations that would assist in that our members aren't disadvantaged because they already have an existing entitlement. The first recommendation was that any government-funded entitlement must not be allowed to be absorbed into any existing employer payment.

The second recommendation we'd put is that any government-funded entitlement should be flexible in operation to allow it to be taken at the same time as any existing employer entitlement, and of course the exception that the employee's wage could not be increased beyond their normal salary. Any government-funded scheme should operate with no disadvantage to those who have access to employer-paid funded parental leave, and that could be explicit in the legislation. Any government-funded entitlement should be flexible, such that the industrial parties to a collective agreement can negotiate over the options, the broad range of options

within which it would apply, and that there should be access to a dispute-settling procedure in the event that there's disagreement about the operation of the scheme.

Our fourth point relates to draft recommendation 2.10, the keeping-in-touch provisions. Whilst we support provisions that provide flexibility for the employee and the employer and anything that can facilitate the smooth return to work, we would suggest that those provisions should be voluntary and that any day's work should extend the period of paid parental leave, that would be our sort of accommodation on that one. The final point relates to the commission's request for views in relation to accrual of leave entitlements during the period of paid parental leave.

We say there that if the stated intentions of improving the lifetime workforce attachment of women, improving gender equity and work-family balance to be realised, it is necessary that other leave entitlements do accrue during that period of leave. Doing that, reinforces the premise that paid parental leave is an industrial leave entitlement in the same sense as other leave entitlements, long service, sick leave and so on, and it also assists in providing that essential link with labour force attachment and return to work. We will leave our comments there, and welcome any questions. Thanks.

MR FITZGERALD: Thanks very much. Angela, I am sure, has got some questions. Might I just start, just to get a clarification, and that is in relation to full wage replacement. You're talking about the scheme being full wage replacement funded entirely by the government, or are you talking about up to the minimum wage with a compulsory top-up by employers?

MR MAY (NTEU): Our view is that the employer should top-up the wage to the full income replacement, yes.

MR FITZGERALD: Given that the universities are already reasonably generous in the arrangements you have, and you will have been aware that many of the business groups that have made submissions and have reacted to the draft are already anxious about the increased costs of superannuation and other issues, do you think you run the risk of in fact crueLLing the opportunities for this scheme to be introduced if you were to insist that employers had to pay mandatory top-up? You've already heard the protests about paying superannuation, which represents about \$70,000,000 compared to the total costs of the scheme of about \$500,000,000. So to what extent do you think that it is worth pushing for a mandatory full wage replacement top-up, in the current environment?

MS McDONALD (NTEU): Just in relation to the reaction from certain employer groups over the superannuation payment, I mean, it has been estimated to be around to be around 800 to 900 dollars that they would have to pay for a woman going on

leave, you know, for the 18 weeks. Now, I actually think that's quite a reasonable amount of money for the benefit that they get in return. I therefore wonder what the reason for the protest is really. I would have to say that in terms of the university sector all of the information that we have received back from the universities, in terms of the current maternity and parental leave, is that they actually consider the benefits to far outweigh the costs.

Now, universities are quite large entities and they do get, you know, quite a lot of money, but they also have a lot of expenditure, and employee salaries is one of the largest ones. It's less than one per cent in an organisation which is quite large that they would have to pay out of the total employee pool. So I think it's all relative. I certainly think that at least with larger organisations, you know, that they could certainly afford it. I mean, I'm certainly not going to draw comparisons with executive bonuses and things like that, but I think that, you know, it's all a matter of priority and that if you prioritise women in the workforce and if you prioritise them having a good attachment to the workforce then I think that should be one of the things that you should be considering.

MS MacRAE: I guess there's two sort of comments that come immediately from that. One is that I think the larger employers - and in fact the response to our draft report has been, that large employers on the whole haven't complained about even the super component; they have been quite happy to accept, and I think given their larger size and the fact that they have got larger workforces so that the cost to them potentially of having someone on leave, that they can often meet that within their own existing workforces and shuffle people around, those issues are much more pronounced for smaller businesses, and for very small businesses in particular, even one person going on leave, if they were to pay a full top-up would be quite a hit on their bottom line. So that's one thing. There was a second point I was going to make, which has gone out of my head.

But I guess if you could just respond on the first point about smaller businesses. Would you see value in a different sort of treatment for those two? I mean, it would be hard from an equity point of view for employees to do that; but without it, would we risk putting too much of a burden on those small businesses? Sorry, the other point I was going to make was where there is a substantial contribution from employers there's the potential risk of discrimination, and we were very conscious of that in terms of the additional cost we might be putting on employers, and would you see that as an issue if you went for full wage replacement, particularly for those higher-paid jobs? Would you see, even if it was covert discrimination, in employing women of childbearing age into high-income jobs because should they get pregnant and need leave that the cost to an employer could be quite large?

MR MAY (NTEU): Difficult for us to comment on small businesses because we do speak from the perspective of universities and again can only reinforce that in the

university sector it has worked very well, it's not costing a lot of money, from what the employers say, women return to work, it suits all parties. Despite the current climate, I think in the longer term there will continue to be labour shortages, in particular, in professional areas. Women are going to universities at higher rates than men now. I just can't see that it's something that we can't address in the current climate.

Particularly again, addressing the issue of global financial issues at the moment, such a scheme in our view is a stimulatory scheme in terms of the economy because it puts money back into the hands of people who then spend, in the same way that the government is about to hand over large amounts of money close to Christmas. So we would argue that this is indeed the right kind of scheme for this particular time in the economy, not in fact a drain on the economy.

MS McDONALD (NTEU): The point I'd make in relation to the second question is that women who are employed in relatively well-paid jobs usually are employed in those jobs and receiving that wage because of the skills that they have. Now, if you were to value the employee to the extent that you wish to make that sort of remuneration, then obviously their professional skill base is something that you would not easily replace. So if you're making an investment to that extent in having an employee, then I think that having the top-up for the parental leave while they are away for that period would actually be something that you would consider to be a necessary thing in order to encourage them to return, because the worst thing for you is to lose that particular employee.

The other comment I would make is that I have heard over the last couple of months a number of employers say, "If this goes through, we'll never employ women here again." I think that that's a rather severe reaction to something which is actually quite reasonable. If that's the attitude of an individual employer, then I'd say that there are other issues in that workplace that need addressing first.

MR FITZGERALD: Could I move to another one of the comments in your presentation and that's in relation to the allowance of concurrent leave. We acknowledge that the way in which we've put the recommendation is wrong in the way it's been interpreted and I suspect in the way it's meant to operate. What we were trying to do was to get maximum additionality out of the government contribution and our view was that in order to achieve that, you don't want people taking concurrent entitlements. We recognise the way that we worded it has a particularly negative effect in the university sector where you already achieve more than the six months' entitlement. But I suppose the question - I think you've probably answered it but I want to be explicit - is should we be concerned about whether or not women in particular, but parents more generally, take concurrent entitlements or not? In other words, should we be concerned with it?

MS McDONALD (NTEU): Robyn might want to reinforce this but at the moment, a number of our institutions allow for the 14 weeks at full pay and then after that, in order to get to the 24 weeks or the 36 weeks, it varies. Now, some will allow up to 60 per cent, some will allow a different component. There are all sorts of arrangements in place because each collective agreement is a different entity. So in our view, we would like to be able to sit down with the employer and say, "Look, this 60 per cent, how can we work with you and the government entitlement in order to get that popped up to the full pay for up to 36 weeks?" because like the commission, our goal is to get at least the six months off full-time so that they can establish the relationship with the child and recover themselves. So that's one of the things that when we're talking about being able to have it concurrently is what we have in mind. Robyn, if you'd like to add?

MS MAY (NTEU): We're just really looking for the most flexibility that the scheme can offer, such that we can negotiate at the workplace with the employers a sort of range of options within which the individual employees can choose, so I would hope that it shouldn't concern the commission that some employees may be able to take entitlements concurrently, such that they could use part of it to top up salaries so that they end up with a year's funded paid maternity leave; if not a full salary, close to it.

MR FITZGERALD: Just relating to that, one of the issues for us from the administrative point of view, from the government's point of view, it's probably important that the leave can't be taken too far away from the initial birth. If we were to remove any reference to concurrent leave or non-concurrent leave and simply said that the paid parental leave had to be taken within six months and that's all we said, our assumption would be that employers and employees could work around that in the voluntary arrangements or the collectively bargained arrangements. So it would allow government to know what's happening without having very extended periods of time. Would that work or would that not work?

MS MAY (NTEU): I think I'd be concerned that that wouldn't work because some of our employers may well say, "Well, beyond six months you've exhausted" - particularly if you had a 36-week paid entitlement, they could say, "You've used up your entitlement and there's no capacity to also access the government-funded entitlement."

MS MacRAE: Even if we said you could take it concurrently? So there would be no problem with it. The business could continue to pay you whatever they're paying you now and all we'd be saying is, "As long as you take the government payment any time within the six months of birth, as long as you've taken leave from the birth, you can commence at any time in that first six months." So you might actually get better than replacement wage for some of that period because you might be getting full replacement wage from your employer already, but it would just mean that - we're

just concerned that we don't want the government sort of three years from the date of birth of a child having to check that you have been on leave ever since the child was born and that you haven't taken another period of leave or - - -

MR FITZGERALD: It's a complex issue from an administrative point of view.

MS McDONALD (NTEU): Yes.

MR FITZGERALD: You might have a think about it, because currently what we've proposed doesn't work - well, it might work but it creates complexity not in the way we intended, so you might have a thought about that particular issue. The other issue that's come up, as you'd be aware - and the Australian Chamber of Commerce and Industry has just made their point very clear - and that is whether or not the mandatory parental leave should or should not also attract the accrual of annual leave, sick leave, long service leave and the issue about payroll tax. We're currently looking at that issue and seeking some advice about the legal requirements around that. I was just wondering what your view is because you've mentioned these other leave entitlements obviously would be an additional impost on business if they were to apply.

MS MAY (NTEU): They currently do apply in the university sector.

MR FITZGERALD: On the voluntary - on the collectively - - -

MS MAY (NTEU): On the paid - - -

MR FITZGERALD: You would expect that they would also apply to the period of the government scheme?

MS McDONALD (NTEU): If it's industrial leave, yes, it would apply as it applies to other forms of industrial leave.

MS MAY (NTEU): It applies on the long service leave, sick leave; we're not sure why paid parental leave gets treated differently.

MS McDONALD (NTEU): Aside from the fact that it's usually women who take it.

MR FITZGERALD: It just adds an additional cost to the employer.

MS McDONALD (NTEU): Holiday leave loading adds an additional cost to the employer; I'm sure they'd like to have that removed. There are many things that add additional costs to the employers and like I said before, it's a matter of prioritising. If you believe that investing in the women in your workplace is important and the

parents in your workplace is important, then you will actually make the effort to implement this.

MS MAY (NTEU): It sends a signal to the person on paid parental leave that they are accessing a normal industrial entitlement in the same way they would access another leave entitlement, and it encourages and further facilitates smooth return to work, attachment to labour force and so on; all the goals of the commission's draft report.

MR FITZGERALD: Do we have your submission yet?

MS McDONALD (NTEU): Yes.

MS MAY (NTEU): It's up on the web site.

MR FITZGERALD: It's on the web site, that's all right. Thank you very much for that.

MS McDONALD (NTEU): Thank you.

MS MAY (NTEU): Thank you.

MR FITZGERALD: We're very appreciative of your contribution before and now again.

MS McDONALD (NTEU): We're very pleased to be able to come and make these comments. Thank you.

MS MacRAE: Thank you.

MR FITZGERALD: If you can give your full names and the positions and the organisation that you represent for the record.

MS O'DONNELL-PIRISI (VTHC): Thank you for having us today. My name is Jennifer O'Donnell-Pirisi. I'm the women's officer at the Victorian Trades Hall Council.

MS COULSON (CPSU-SPSF) : My name is Mandy Coulson. I'm an industrial officer at the Community and Public Sector Union, the State Public Services Federation branch.

MS COOPER (AMWU): My name is Trish Cooper and I'm an industrial office with the Australian Manufacturing Workers Union.

MR FITZGERALD: If you could give your opening comments, that would be terrific, and then we'll have a discussion.

MS O'DONNELL-PIRISI (VTHC): First of all, I'd like to thank you for having us here today. The Victorian Trades Hall Council currently represents 40 unions and more than 350,000 union members throughout Victoria, so we're here today to represent them.

I'd like to firstly thank the Productivity Commission for doing this interim report. I think it's a great step in the right direction for women in Australia and Victoria, for families, and also for the economy. We support the 18 weeks' paid parental leave and also the two weeks' paternity leave as a good step forward. As you can see in our submission, we ultimately aspire to reach 26 weeks' paid parental leave on full income replacement. That is our ultimate aim from the Victorian Trades Hall Council's point of view. That's what I'd like to say, first of all.

MS COOPER (AMWU): I was just going to give a little bit of historical perspective because it's important to us. I was looking through some statistics and as far back as I could go was 1933 for Australian statistics and I think that's not a bad place to start. At that stage, 5 per cent of married women were in the workforce. By 1980, it was 50 per cent, and by 2008 the majority of married women with children are in the workforce. I don't have the exact statistics but we all know it's an overwhelming number. So women's participation has changed substantially.

In 1966 when some research was done, women still were of the opinion - 1933, 1966, it hadn't changed a lot - of why they were in the workforce and the majority of them were there as a bridge till they got married. So their number 1 career aspiration was having a family. In 2008 that has changed substantially. The majority of women want the same breadth of career aspirations as men, and that's another

substantial change in the workforce that should be considered.

In regard to the maternity leave itself and the benefits and expectations about it, that's changed considerably. I will quote from Helen Glezer from the Australian Institute of Family Studies who said:

Historically, the main impetus for maternity leave benefits related to concern for the health and safety of the mother and child. However, in more recent times, as the participation in the labour force of women with children has increased, there has been a shift in emphasis in the objective of maternity leave to protect and enhance the employment opportunities of women with children.

That was a comment made in 1990, so it's not some major entitlement in the year 2008 that we've reached a stage of recognising that it is an issue about women's health and safety but it's also an issue about women's rights in the workplace to career aspirations. So we want a paid maternity leave that takes consideration of that.

In terms of another piece of history that's important to us, it's the union's history in terms of paid maternity leave. Unions have been agitating for paid maternity leave since the 1960s and possibly before. I couldn't get the campaign information on that. In 1979 we achieved, through union action, the beginning of the unpaid maternity leave for women. That's 30 years next year that we took the first step. It's long past that we should be taking the next step of having paid maternity leave. So a part of that history was to emphasise that it is time. There should be a broader program, this is a start of that next step, and that it needs to be in place next year.

MS O'DONNELL-PIRISI (VTHC): I've been thinking a lot and you've seen our submissions. It's been written on behalf of our members and with the committee at Trades Hall, but from a personal point of view, I'd like to share my personal story with you.

MR FITZGERALD: Please.

MS O'DONNELL-PIRISI (VTHC): I, 13 months ago, had a beautiful baby boy and was very blessed. You might be surprised to know I've only been in this role for one and a half months, coming back from maternity leave. At my previous employer, I was on a forced AWA and I also had no paid maternity leave entitlements whatsoever.

So after 12 years of fertility problems, I put it out of my head of ever having a baby. My husband and I bought a little home down the peninsula and lo and behold,

I fell pregnant. I was in complete denial that this was real; this could not be happening to me. We'd just bought our new home and we don't have many family members in Australia. My husband's whole family is in Italy, so we didn't have any family support to help us. So although I was very excited, the fear came in. We were in a really bad financial situation. I approached my employer and told him my situation. They said, "Well, that's your problem. You signed the AWA. You don't have any paid maternity leave entitlements. Basically, that's your bad luck." I was working full-time at the time and I basically worked right up until the day before I was due to go in to be induced.

It was a very stressful time for me. Although I was excited about the baby, I was stressed about our financial position and knowing that we would go from two salaries to one salary, it was terrifying, so I carried a lot of guilt. It put a lot of pressure on my relationship. Although I was thrilled about having the baby, I was petrified about what was going to happen to us. We'd gone from paying rent to a huge mortgage, and none of it was planned, although it was wonderful.

So I had my baby and I was home and I was suffering from depression, and I'm not ashamed to share that. Although I was excited, I felt a lot of guilt through that depression because I'd waited so long to have this beautiful baby. So I had bonding issues and also lactation problems with breastfeeding. So I joined the local mothers' group and we had so much in common. 99.9 per cent of them were on unpaid maternity leave and they were sharing and going through the same experiences, so that was quite poignant for me. I was just quite surprised about it.

I then went to a lactation consultant and in speaking to the lactation consultant, the amount of women that came to her that were going through the same problems and the same depression and stress because they were in such financial difficulties and not being able to bond with their baby and lactate and feed their babies, it was extraordinary. So that was quite an amazing experience, having gone from never being about to have a baby to having one. That's just something I wanted to share with you from a personal point of view. I think this is a great step in the right direction. If I had have had those 18 weeks, it would have made a significant difference to our lives.

Don't take me the wrong way, that I'm saying that having my baby was a bad experience, it's just the stress that I felt, and I'm now a women's officer and I'm here to advocate for women, so I'm in quite a privileged position and quite an honoured position and I thank you for letting me share my story with you today. Thank you.

MR FITZGERALD: Thank you very much. That's very important.

MS COULSON (CPSU-SPSF): After Jen's very poignant personal talk and particularly - I think it goes to many of the issues like the ACTU and others this

morning - we welcome your report and the step towards paid maternity leave at 26 weeks and full income replacement that it makes. I think there's some other things that we wanted to talk to you about that would be helpful as well, particularly we welcome the aspiration for six to nine months off and we thank you for recognising that it greatly increases the health and wellbeing of both the mother and the child. We also really welcome the other recognitions that you've made which are so important for the economy, our workplaces and women and their families and that's that also having paid maternity leave to help bridge that period also greatly increases women's workforce attachment which is great for everyone. That second part I think is particularly important in the current times.

I guess with the 18 weeks' minimum wage, whilst it's a good start, as we've recognised from other submissions this morning, many women won't be able to stretch that across the period of the six to nine months that we share common aspirations around the World Health Organisation's statistics and those kind of things for, and I guess that's particularly why it's important for us to ask you to try and strengthen your recommendations around protecting existing entitlements from awards or bargained agreements. From your comments on other submissions, I think you're hearing that, so we welcome that.

I guess after hearing ACCI's submission, I particularly reaffirm that again, seeing as they may recommend to divert paid maternity leave or paid parental leave to other areas in some agreements. I guess it might be a poignant time to remind the commission, based on our experience as organisers and industrial officers, that often the joint agreement between employers and workers about how much paid maternity leave or other flexibilities and other arrangements, not just about money but at half pay or taking it, as Jen didn't have the opportunity to, before the day of the birth, so a few weeks beforehand. Those flexibilities and bargained arrangements are really important for good outcomes and for good workforce attachment.

I think that diverting those things off takes away from the fact that women and men have often given up and traded off other things to obtain those current entitlements that they have. So they haven't come at no cost to working people. Working people and their unions have prioritised those issues and employers have agreed that there is a benefit to them; not just a cost, but also a benefit. So I guess we'd ask you to strengthen it in that regard.

MS O'DONNELL-PIRISI (VTHC): I just wanted to also welcome and acknowledge that you've included the two weeks' paid parental leave and that you've recognised same sex couples. I think that's amazing and fabulous. So it is imperative that the partner, if the woman is in a relationship, you know, be included in that parental leave and also have access to those two weeks' parental leave as well and also reiterate on that as well.

MS COULSON (CPSU-SPSF): I was very pleased to hear the submissions from Bernie Geary and the carers this morning. You will note from our submission that we also suggest that an improvement to your suggested scheme may be the broadening of the definition, and, having looked after child protection and adoption services in my role for many years, I think we might be able to, out of session as well, give you some helpful information based on some of your questions from there. So we'd be happy to do that if you welcome that advice. Particularly we thank you for recognising adoption, but we'd like to say that adoption is actually an extremely rare thing, particularly, say, for example, in Victoria now; it almost never happens any more.

There's a very small number of inter-country adoptions, and various relations with other countries mean that that's being clamped down upon. But where once we may have had children being given up or taken away for adoption, now there's new permanent care orders and other forms of orders that actually have a different relationship, so that children have rights to know who their parents were, even though they might be permanently cared for by someone else and that there may be some limited visitation access if the parents so wish. So I think that without any great cost you can expand your system to include all kinds of families at this particularly important time.

We'd like to see it based more around permanent or long-term care, we think that that's a good definition, and that might help you with some of your other issues this morning. It's not about double-dipping, it's not about getting a baby bonus and getting something else as well; it's about better reflecting the arrangements that really happen now, whereas adoption is really more an outdated mode. So long-term foster care, long-term permanent care, permanent care orders, those kind of things, we think, strongly, should be included. There's not a great number; probably less than 50 permanent care orders a year in Victoria.

I guess the other thing that was interesting from the discussion this morning was also discussions around indigenous kinship, and we were a little troubled by some of the concerns around that. I think, rather than looking at race or other issues as a determinant, using the definition of long-term or permanent care and who the primary carers are might be a good guide in that area as well as to who would be appropriate to receive any payments. We agree, it's not a substitute for child care payments and for other aspects of the system.

There are many aspects in the system that need to be improved in other places, but what is important, in terms of workforce attachment, I think people that spoke this morning, is not just their health and the health of the child but also the benefit to those important carers and to the economy of their workforce attachment, particularly for those people taking on that onerous task, that's a particularly important thing for them and something that will retain their skills in the workplace

and benefit the economy as well as them personally.

MS COOPER (AMWU): Another group that seems to have been missed out - and you may have made reference to it, I'm certainly not aware of it - is where the baby dies before birth, and a lot of our negotiated agreements include cover that area by calling it special maternity leave, so it's an acknowledgment that where the baby is born dead or for any reason that it be covered, and we would like that to be at least the last trimester; we in our recommendation have called it 20 weeks, that they access the maternity leave. I could give you a number of stories of very, very distraught families who have lost their baby at 25, 30 weeks because it has been born dead, and have had the need for that maternity leave payment.

MS O'DONNELL-PIRISI (VTHC): Just to finish, just to thank you once again for having us here today. As Trish has said, the history, we have been waiting for 30 years plus for paid maternity leave to be introduced, paid parental leave. So if it can be introduced into the 2009 budget and put into place for the future.

MS COULSON (CPSU-SPSF) We don't think we can afford not to introduce it, with the current state of the economy. Thank you for having us today.

MR FITZGERALD: Thank you very much. That has been terrific. Thanks again for the personal experience. Again I just want to start off and hand it over to Angela and then come back again. Just in relation to those carers that we haven't specifically included, we have in fact in the body of the document made reference to those mothers whose child dies at birth. So we want that group included. In the NES, for example, and you may not know this, are women where the child has died at or before the date of birth entitled to unpaid parental leave; and if so, is there a definition that's used? I can't remember.

MS COULSON (CPSU-SPSF): I think it's unclear.

MS COOPER (AMWU): It is unclear, and we have had to clarify it in some of our EBAs. I think it is unclear.

MR FITZGERALD: Well, certainly we want that recovered. Our view is if there's an existing definition that has been negotiated, particularly at the Commonwealth or national level, we're happy to use that, rather than invent a new one.

MS COULSON (CPSU-SPSF): For example, across the Victorian state public service 20 weeks is seen as the standard. It's based, as we say in our submission, on medical opinion. So we think that's quite reasonable. It's not just around the birth, it's around the state of changes in a woman's body at that point and the need for recovery, not just emotional but physical recovery, after that.

MS MacRAE: We do talk about 20 weeks in our draft. So that's consistent with what we're recommending at this stage.

MR FITZGERALD: The issue in relation to permanent carers is an issue we're going to have to look at more fully. I'm very much aware that each state has these new orders, permanent care orders, and I had a lot of experience of that in New South Wales. So I suppose we will have to try to look at that again. One of the ways to do it, as we were saying to another group this afternoon, is to look at it as exceptional circumstances. The problem with exceptional circumstances is they're always discretionary, in the hands of somebody. On the other hand, there are real concerns about not extending this scheme too far from what the intent of a parental leave scheme should be. So I suppose we're just going to have to go back and have a look at some of this and to see what is the best way forward. We did think about it in the lead-up to the draft, but these submissions have forced us to think about it again.

MS COULSON (CPSU-SPSF): Can I counsel you perhaps.

MR FITZGERALD: Sure.

MS COULSON (CPSU-SPSF): At a time when someone is taking on permanent care of a child, be it a relative or not a relative, that's probably the lowest time that they need to be going through an exhaustive application program for extensive exceptional circumstances. I don't think we're talking about a particularly large number of cases and I think it's an easy test to see who has primary care of the child. If the two main planks that you seem to be putting forward and that we support are health of the primary carer and wellbeing of the child at this important time and workforce attachment, perhaps those two tests, again with eligibility and all of those kind of things, would be important.

MR FITZGERALD: But the group that you'd be most concerned about, given that we have picked up adoptions, and particularly overseas adoptions, and that's why that's there, by the way, it would be those where there has been a transference of the permanent care basically, that's your concern group. So that where there has been a transference of the permanent care of the child from the birth mother to some other party or other person. Okay, we will have another look at that.

MS MacRAE: Just in relation to one of the issues, which you might cover in your full submission, and I have to say I can't recall at the moment, but you've got the 26 weeks of full as your aspiration. In relation to what we heard from the ACTU earlier today, they were concerned in relation to the employment test for eligibility that rather than having our 10 hours and 12 months, that it was seven hours and six months. Is that also the line that - - -

MS COULSON (CPSU-SPSF): Yes.

MS MacRAE: Then we probed a little bit in relation to the second and third child and the eligibility test there. Would your view on that accord with the ACTU position as well?

MS COULSON (CPSU-SPSF): I think the point that I heard the ACTU making this morning is that at the moment we don't have any paid maternity leave for a whole range of women and so the step forward is important. Seven hours is one day, one day a week is ample evidence for workforce attachment so we think that's appropriate. Six months fits in with the NES probationary period. But we know after six months whether someone is working well or not. I think those things make it an appropriate test. There should be consideration for subsequent children, but I think the first step of paring back to the seven hours and six months would capture most people. The additional cost of the extra people being picked up if we look at the subsequent child won't be great, but more important for longer-term workforce attachment. Does that help?

MR FITZGERALD: Yes. You have heard ACCI this afternoon dispute our position that this payment shouldn't be treated as a wage entitlement, rather it should be treated through the social transfer scheme and in particular disputed our view that it should be paid by the employer where there has been a substantial attachment to that particular employer. We think this is a central issue as to whether you treat it through the social transfer scheme or as a wage entitlement and I was wondering whether you have a view about whether or not there are benefits to the employer and to the employment relationship of having the employer as a paymaster or are we really just gilding the lily here? I was just wondering whether you have a view about that.

MS COULSON (CPSU-SPSF): I want to say what some people in my family who are employers say - maybe I will just say it and they can yell at me later. They said that they thought it was a windfall for employers that they got to claim by being the person who was able to give the money away to their employees, they got to claim the benefit of paying them directly and only had to pay for the super which was 50 bucks a week or something ridiculous; that it bonded women to them; that they were expected to have reduced recruitment costs; they expected to have reduced retraining costs and they expected to retain skilled and experience workers at a really important time of skill shortage and they said the thing that people should be costing is the goodwill, the fact that the productivity that they will get when women return will be greatly increased and it's all of those unspoken things and things that can easily be costed as well, that far outweighs any inconvenience.

They really saw it as no inconvenience to actually administer the pay. They said, "We get money for traineeships and other things, it's just another thing to add into the system." Sorry, that's not the union.

MS O'DONNELL-PIRISI (VTHC): It's also retaining workforce attachment. So the mother goes off - it is not the complete separation from her workplace. The payment is coming in from her employer and there is the continuity and she can return back there and feel, "I've been off on my paid maternity leave, I'm now coming back to work." It's not that sort of break.

MR FITZGERALD: One of the assumptions that we have made is that women are less likely to resign prior to the birth of the child. We're not absolutely certain what will happen six months on, but we think there will be more return to work with the same employer. But one of the assumptions we're making is that certainly you will see a reduction in the number of resignations which currently you can see is quite high at the time of birth. Would that be your view as well?

MS COOPER (AMWU): Where we have paid maternity leave we've seen the retention rate is quite good, so I think it will show itself to achieve that. The message we're getting through from workers is they want to keep their jobs, but they can't afford it at the moment to do that, so they're forced to dislocate themselves from the workforce and basically start again when they've got the opportunity. Yes, keeping that attachment to the workforce - and I think just in reference to your previous question, politically we're very clear that we want it to be a wage replacement and we believe the system is already in place for employers to manage it because they do with WorkCover and they do with training. We don't see it as arduous in that respect.

MR FITZGERALD: In relation to WorkCover, just explain how they currently deal with that. They make the payment and they're reimbursed?

MS COOPER (AMWU): That's my understanding of it. I may be incorrect, but that's my understanding of how it's done.

MR FITZGERALD: It's possible. We haven't looked at that.

MS O'DONNELL-PIRISI (VTHC): Just one point about your other questions about retaining the women in the workforce.

MR FITZGERALD: Yes.

MS O'DONNELL-PIRISI (VTHC): My previous employer was quite interesting. I was there for three years and several women went on maternity leave during that period and not one of them returned. We would get these emails, "Such-and-such has resigned, she will not be coming back," and I also resigned and didn't go back. So all those skills - and some of those women were in that job for quite a long time, their skills were very important to that workplace so that was a loss as well. It was

quite extraordinary. Just a rough number, it was like 35 women just left over a period of four years just because they had gone and had a baby.

MS COULSON (CPSU-SPSF): It should be an industrial entitlement. It only increases the workforce attachment rather than seeing it as some kind of welfare payment. If we're not just looking at the welfare aspect, but the benefits to business and to the economy and to the workplace of the increased workforce attachment, it needs to be an industrial entitlement and we greatly approve your language of normalcy around this kind of leave. That's where we've found some of the submissions from ACCI and others surprising in suggesting that any kind of accrual of one and a half days' sick leave or something across an 18-week period of minimum wage payments is - I think Sharan might have said this is mean-spirited. I'm not going to use my own words because they won't be as diplomatic.

To be receiving from the government all of that money, only having to contribute the super and to receiving for the business the benefits of decreased training costs, decreased advertising costs, increased retention of highly skilled women, the balance sheets don't add up in my mind.

MR FITZGERALD: My final point, going back to your current schemes not being reduced as a consequence, we have put this to a number of people who have presented over the last few days, but I put it to you again: we made a fundamental assumption that the reason employers have entered into voluntary arrangements and collectively bargained arrangements is because they see a benefit as being an employer of choice. When you introduce a mandatory scheme, everybody goes back to a level playing field. But the very motivation still remains that employers want to be employers of choice. In a tight labour market that becomes quite critical.

So I suppose we have made an assumption that in fact employers are not likely to substitute the current contributions they make with the mandatory scheme. What they are likely to do, hopefully with employees as part of the process is to redesign their schemes, so use the money that's currently being contributed and do it differently. You might top up, you might extend, and, yes, there is a potential, as ACCI was saying, to use it differently. In our view that would be to improve work-family arrangements. So we have not been prescriptive in our report because it basically fundamentally assumes that the employers will continue to want to be attractive to employees and going forward, notwithstanding the current financial difficulty we're going through, at the end of the day it's going to be a tight labour market for many, many years to come, so why should not believe that that would be the case?

MS COOPER (AMWU): Could I make a comment on that?

MR FITZGERALD: Yes.

MS COOPER (AMWU): Working in the manufacturing industry it's a lovely assumption to think employers raced ahead and put paid maternity leave in the scheme because they wanted to attract women. In fact every inch of the way we have shoved and pushed them and told them that it was a great idea and they would get great benefit from it and afterwards when they conceded at the bargaining table generally with us giving up something else to get paid maternity leave because of our commitment to it, they've later talked about it and sold it as a great benefit to women. You know, please don't assume paid maternity leave is in place because employers saw the benefit and saw it as a way of attracting women. It is not in fact true. They will tell you that now and I get very frustrated when these very employers get awards for their wonderful family-friendly things that we know quite well we've had them kicking and screaming to get to the bargaining table for.

I can tell you that the arguments they're putting forward now are the arguments they've put forward all the way along. They threaten not to employ women if it costs too much. They employ women because they're damn good at the job, after the scheme is in place. In terms of a level playing field, I think the majority of women who are missing out now, and the overwhelming majority, in manufacturing - I think we only have about 15 per cent coverage of paid maternity leave in manufacturing - in certainly our industries, is because they are smaller to medium organisations who pay very low wages and women have quite arduous physical jobs. So the health issue and the holding on to the income issue is really important.

So for those employers, the majority of employers who will be having to take this on in a first instance, and I'm referring now to the employers topping up the cost of it, the cost will be not a lot, because the wages are low for women in the first place, and I don't believe, from our own experience where we have got paid maternity leave in, that in fact it has worked against women. But they have screamed all the way. My other comment in regard to that is that in terms of enterprise bargaining and tried to get in paid maternity leave, we are a unionised industry, manufacturing, and yet 85 per cent of our women don't have paid maternity leave because we don't industrially have the capacity to pattern bargain to get it through as a claim across the board.

We won't get it through without a federal scheme, and without a tough federal scheme that puts aside the nonsense and sees it as an absolute basic right and a sensible way of running the workplace, and all of our industries who pay minimum wages and make people work very hard and don't give paid maternity leave have excellent salaries for their CEOs. So the priority comment of the previous applicants, I agree with.

MS COULSON (CPSU-SPSF): It doesn't cost employers who currently have bargained, not given but have bargained existing paid parental leave and other

associated flexibility rights, it doesn't cost them anything for you to enshrine a protection for those current entitlements; but if it's not enshrined it will cost workers some of those entitlements. So we'd ask you to consider that very seriously.

MR FITZGERALD: Thank you very much for that. That has been terrific. Thanks for your submission and again thanks for your presentations. We now stand adjourned until our hearings next Tuesday in Brisbane. Thank you very much.

MS MacRAE: Thank you.

AT 4.28 PM THE INQUIRY WAS ADJOURNED UNTIL
TUESDAY, 25 NOVEMBER 2008

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