

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

Submission



Compiled on behalf of ***Business and Professional  
Women Australia***

By Amanda Morrison  
Communication student at the University of Newcastle

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## **1.0 Executive Summary**

This submission addresses the Inquiry's first term of reference; the economic, productivity, and social costs of providing paid maternity leave and part a) of the second term of reference; paid maternity, paternity and parental leave models that could be used in the Australian context. In addition, the submission gives a brief outline of the history and aims of BPW Maitland as an organisation and explores the extent of current employer provision of paid maternity leave in Australia.

The submission will concentrate on Australian womens' right to paid maternity leave and will offer a proposed model of paid maternity leave and a number of recommendations for the Productivity Commission.

## 2.0 Introduction

Business and Professional Women Maitland is the Maitland branch of Business and Professional Women (BPW) Australia. BPW is an international organisation that works to raise the profile of women and encourages women to become well informed and active at local, national and international levels. BPW Australia strives to improve conditions for working women in our society and to highlight to the nation a women's perspective on the key issues of the day. Membership in BPW Australia provides opportunities for business and professional women to network, discover mentors and participate in forums to discuss issues of concern with likeminded women. BPW lobbies governments at all levels, including at the United Nations where it holds Special Category Status, on current and emerging issues of importance to women.

BPW Australia was inaugurated in 1947 with six member Clubs that had been created from 1925 onwards. Since those beginning years, BPW has influenced public and Government opinion on many issues affecting women, including fighting for equal pay, the removal of compulsory retirement for married women in the Public Service, the facilitation of girls to take up apprenticeships and lobbying the government for universal paid paternity leave.

The Aims of BPW Australia are still as relevant today as they were when they were first declared in the 1940s. BPW Australia is still fighting for many of these same issues, like paid maternity leave.

### **3.0 Economic, productivity and social costs and benefits of providing paid maternity, paternity and parental leave.**

BPW Maitland believes that Australia as a country needs paid maternity leave to combat the nation's rapidly declining birth rate. In 2005, Australia's total fertility rate was 1.81 children per woman, with the population replacement rate being about 2.1 children per woman.<sup>1</sup> Countries that have parental leave provisions have less cause to worry about a rapidly declining birth rate with women increasingly choosing careers over families.

BPW Maitland believes that the health and wellbeing of new mothers and infants is a priority. Paid maternity leave enables women to spend the first weeks of a child's life recovering from the birth and nurturing the baby. The International Labor Organisation has recommended 12 weeks leave<sup>2</sup>. The World Health Organisation (WHO) has recommended this be increased to six months. WHO suggests that breastfeeding infants for the first six months helps reduce the chances of sudden infant death syndrome and reduces chances of a child developing asthma<sup>3</sup>. Statistics have shown that in 2006 181,000 were forced to return to work before their babies were six months old<sup>4</sup>.

The United Nations *Convention on the Elimination of all Forms of Discrimination Against Women* (CEDAW) states: "Parties shall take all appropriate measures...to introduce paid maternity leave with pay or with comparable social benefits without loss of former employment seniority or social allowances."<sup>5</sup>

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1. Hugo, G 2007, *Recent trends in Australian fertility*, O&G, vol 9, no 2, pp. 11-13

2. *Factsheet: paid maternity leave* n.d, Equal Opportunity for Women in the Workplace Agency

3. Tattersall, A 2008, *Women's day talk won't take care of the babies*, Sydney Morning Herald, March 10, p13

4. Benson. K 2008, *Unions press for more paid leave to breastfeed*, Sydney Morning Herald, March 10

5. Full text of the *Convention on the Elimination of all Forms of Discrimination Against Women*, United Nations

Australia became a signatory of the Convention in July 1980, but later placed a reservation against this clause, stating that: “The Government of Australia advises that it is not at present in a position to take the measures required by article 11 (2) to introduce maternity leave with pay or with comparable social benefits throughout Australia.”<sup>1</sup>

Australia and the United States are currently the only two nations in the developed world who do not provide paid maternity leave. Most developed countries provide for two to six months paternity leave, paid at 80%-100% of the women’s previous earnings. Leave is funded typically through a contributory social security or social insurance scheme, paid by employees and employers with government contributions.<sup>2</sup>

Paid maternity leave is of great benefit to Australian businesses. In 2003, the Equal Opportunity for Women in the Workplace Agency (EOWA) Annual Survey found that the retention rate of female employees that had taken maternity leave was 67% at organisations that provided paid maternity leave, as opposed to only 56% at organisations that made no paid maternity leave provisions<sup>3</sup>. Paid maternity leave indicates that employers have a commitment to their employees. This typically leads to increased job satisfaction, greater employee productivity and improved employee loyalty.

The EOWA also identified the following benefits of paid maternity leave for organisations:<sup>4</sup>

- Increasing the number of employees returning to work after maternity leave
- Reducing recruitment and training costs
- Improving staff morale and productivity
- Providing a cost-effective means of retaining skilled staff

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1. Declarations, Reservations and Objections to the *Convention on the Elimination of all Forms of Discrimination Against Women*, United Nations

2. APESMA Professional Women’s Network, 2001, *Paid maternity leave entitlements around the world*

3. *Paid maternity leave – the business case 2007*, Equal Opportunity for Women in the Workplace Agency

## 4.0 The extent of current employer provision of paid maternity, paternity and parental leave in Australia.

BPW Maitland believes that paid maternity leave should be available to Australian women whatever their work circumstances. Paid maternity leave needs to be made accessible to those women that make up a large sector of Australia's workforce; women working in factories, women who own their own small businesses and women working in small businesses, not just those women who work in government or senior professional women who can negotiate paid maternity leave terms.

Provision of paid maternity leave funded by the employer is increasing. A study by the EOWA found that in 2004, 41% of surveyed private sector employers with more than 100 staff provide paid maternity leave, up from 23% in 2001.<sup>1</sup> In 2004, paid maternity leave was most frequently provided in industries with high numbers of skilled female employees and/or government involvement, such as the education, finance and insurance, communications and health and community services sectors. However, paid maternity leave was provided by less than 20% of organisations in industries such as retail, construction and hospitality which have a high number of lower-skilled and casual female employees<sup>1</sup>.

In March of this year, retail chain *Myer* became the first major Australian retailer to grant its employees six weeks of paid parental leave. All *Myer* staff, both full and part time, who have been working for longer than 18 months are entitled to the leave. Staff have the option of receiving the entitlement as a lump sum, paid regularly or stretched out over three months at half pay. Greg Travers, Director of Human Resources at *Myer* says that paid maternity leave will help alleviate Australia's current skills shortage by encouraging women to come back to work.<sup>2</sup>

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1. *Factsheet: paid maternity leave* n.d, Equal Opportunity for Women in the Workplace Agency

2. Glanville, B 2008, *Myer announces paid maternity leave*, PM, ABC.net.au

Later the same month, *Aldi* followed *Myers* lead and introduced 14 weeks of paid maternity leave for its female employees. This scheme is paid at 50 per cent of employees' average wages. Aldi Group Managing Director, Michael Kloeters, says "it is the next logical step in terms of providing a solid working environment for employees...we're hoping paid maternity leave will be an attractive retention strategy"<sup>1</sup>

Among Australia's largest employers, Woolworths and Coles still do not provide their employees with paid maternity leave.<sup>2</sup>

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1. *Aldi follows Myer maternity leave* lead, 2008, Inside Retailing Online

2. Glanville, B 2008, *Myer announces paid maternity leave*, PM, ABC.net.au



## 5.0 Paid maternity, paternity and parental leave models that could be used in the Australian context.

### 5.1 International Models

In Sweden, all working parents are entitled to 15 months parental leave per child, paid at 75% of employee's wage for 12 months, followed by a flat rate for the next three. The scheme is State funded. In order to encourage greater parental involvement in child-raising, a minimum of 3 months is required to be used by the 'minority' parent – usually the father.<sup>1</sup>

As of 2008, Estonia mothers are entitled to 575 days of paid leave, fully compensated at a rate of 100% of the worker's salary for the previous calendar year. Once the 575 days are up, a flat-rate allowance is paid per child per month. Fathers are offered paid leave 70 days after the child's birth. However, paid leave is only available to one parent at a time.<sup>2</sup>

The maternity-leave system in Bulgaria provides mothers with 315 days of leave for each child, of which 45 days must be taken before giving birth. This scheme is State funded and paid at 90 per cent of the mother's daily wage. After the maternity leave, the mother is entitled to two years of paid parental leave. The compensation amount is determined by the annual Social Security Budget Act. With the mother's consent, parental leave can be taken by the father of the child.<sup>3</sup>

In Canada, the Employment Insurance system funds 35 weeks of paid parental leave divided as desired between two parents. In addition, mothers are entitled for 15 weeks paid maternity leave, giving a maximum possible period of 50 weeks paid leave for a mother. However, to receive maternity leave, the mother must have worked for at least

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1. APESMA Professional Women's Network, 2001, *Paid maternity leave entitlements around the world*

2. Karoo, M & Roosaar L 2007, *Need for greater flexibility in parental benefit system*, European Foundation for the Improvement of Living and Working Conditions

3. *Bulgaria: Living and Working Conditions* 2008, The European Job Mobility Portal

600 hours in the last 52 weeks.<sup>1</sup>

## **5.2 BPW Maitland Proposed Model**

BPW Maitland proposes that the Australian federal government introduce a fully Commonwealth funded maternity scheme, entitling Australian mothers to, at the very least, the 14 week minimum suggested by the International Labour Organisation. Ideally, BPW would recommend that mothers are offered the full six months of paid leave recommended by the World Health Organisation. BPW Maitland proposes that this benefit be paid at federal minimum wage rates and be available to all women regardless of their work circumstances.

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1. Canada Immigrant Job Issues 2008, *Maternity leave and Vacation*

## 6.0 Conclusion

Fourteen weeks of paid maternity leave is a basic human right, and Australia needs to conform to this. Whatever benefit scheme Australia adopts as a nation, it must allow all women, regardless of their status in the workplace to take paid maternity leave. The right to paid maternity leave should not be dependent on a woman's occupation, employer or negotiating skills.

As Laila Hirre wrote in *The Australian*;

“Both [having children and working] are something society needs women to do, and in return we need to ensure that money doesn't dictate whether or not a woman takes a healthy amount of time off work following the birth of a child...If we want Australia's women to have babies, if Australian men want to be fathers, if families are truly the centre of our culture as we say, then we need to adopt national policies and legislation that make it easier to form families”<sup>1</sup>

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1. n.d cited in Murray, J 2002, *A statement on paid maternity leave*, BPW Australia

## 7.0 Recommendations

BPW Maitland recommends that:

- That paid maternity leave be available to Australian women whatever their work circumstances
- That paid maternity leave be extended to all business, including small business. Women in small business
- That paid maternity leave should not only be provided to those who have been with the same employer for the previous 12 months.
- That the federal Government remove its current reservation to article 11(2) of the *Convention on the Elimination of All Forms of Discrimination Against Women* on paid maternity leave.
- That at the very least, the minimum standard of 14 weeks paid maternity leave be offered in order for Australia to meet the suggested standard set by the International Labour Organisation.

## 8.0 References

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*Bulgaria: Living and Working Conditions 2008*, The European Job Mobility Portal, accessed  
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<[http://www.eowa.gov.au/Developing\\_a\\_Workplace\\_Program/Employment\\_Matter\\_Resources/EM\\_5\\_Resources/\\_Paid\\_Parental\\_Leave/EOWA\\_FactSheet\\_PML\\_2005.pdf](http://www.eowa.gov.au/Developing_a_Workplace_Program/Employment_Matter_Resources/EM_5_Resources/_Paid_Parental_Leave/EOWA_FactSheet_PML_2005.pdf)>

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