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BPW Australia Submission to the Senate Community Affairs Legislation Committee Inquiry on the Fairer Paid Parental Leave Bill 2016

http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/FairerParentalLeave2016

Setting the argument right – short term vs long term economic benefits

BPW is a well-established international organisation that develops the business, professional and leadership potential of women through advocacy, mentoring, skill building and economic empowerment programs and projects around the world. BPW makes real differences in women's lives not only through connecting women locally, nationally and internationally, but also by creating awareness, leading debate and driving change. Our official BPW Australia website is www.bpw.com.au. BPW Australia is affiliated globally with BPW International www.bpw-international.org which has full consultative status with a range of UN agencies.

Advocacy

BPW Australia has lobbied for paid parental leave since 1999, as a workplace entitlement not a social welfare benefit. The current PPL scheme aligns with BPW Australia's advocated proposal, except that it needs to cover 26 weeks of leave to comply with the accepted international standard.

BPW Australia advocates for a comprehensive workforce engagement strategy that enables all parents to contribute to growing the economy while growing families. Paid parental leave is not enough to ensure ongoing workforce engagement and security for women unless it is complemented by comprehensive, affordable, accessible childcare and early learning services. BPW Australia continues to advocate for a government supported paid parental leave scheme of wage replacement for at least 26 weeks but as part of a complete suite of economic and social policies that work together to support women's workplace participation.

Paid parental leave is not a women's issue, it is a family and societal issue. It is a societal responsibility to ensure children, and in this case vulnerable newborns, receive the care they need while protecting the jobs of their parents and ensuring their ongoing connection with the workforce. Paid parental leave needs to be part of a suite of policies to support parents who are contributing to building Australia's economy. Extending the pool of funding to encourage and support ongoing workplace engagement is an investment in Australia's economy, not a drain that economy.

Global Context

BPW Australia advocated strongly over many years for a government funded paid parental leave scheme that would supplement the paid maternity leave accessible to women working in large corporations, for governments and in academia but would extend that access to all working women including self-employed businesswomen; the current scheme addresses those requirements.

Australia was very late in global terms to introduce paid parental leave in 2011. Prior to this, only 4 of the 160+ countries that had signed the UN Convention for the Elimination of all forms of Discrimination Against Women did not have PPL. Of these 4, there was only one developed nation where no woman had a statutory entitlement to paid parental leave – Australia. Most countries had provided such leave for decades and even developing nations were already offering the 26 weeks PPL recommended by the ILO. New Zealand introduced PPL in 2006, and most US states, especially those with large populations, have offered PPL for many years. There are now grandparents in the UK whose mothers had paid maternity leave when they were born. Australia desperately needs to catch up with rest of world. Any step backwards is indefensible.

Current situation

Australia's current PPL scheme is one of the least generous in the world. The OECD's most recent report on PPL ranks Australia's current PPL scheme as the third lowest in the OECD. To diminish it further is an indication on the value the government places on families and children.

The current government and employer combined parental leave system was introduced as a result of recommendations of the Productivity Commission, and the government scheme was always intended to supplement the employer schemes already offered by corporates, government departments and universities. It was also intended that this would provide a basis from which Australia would extend the availability of paid parental leave to meet the agreed international standard of 26 weeks.

To suggest that women who access a government funded scheme and an employer-based scheme are 'double dipping' misrepresents the nature and design of the scheme; enterprise agreements that include additional paid parental leave benefits serve to top-up the minimum entitlements provided by Government and are a step towards true wage replacement.

The current PPL scheme provides employees with an entitlement to 18 weeks of leave funded by the Government at the minimum wage, with the expectation that the employer will also contribute further leave entitlements. Workers earning more than \$150,000 per annum are not entitled to the payment, which means that the scheme is aimed at employees who are more likely to experience pressure to return to work following the birth (or adoption) of a child in the absence of financial support. Adding an extra two weeks will not benefit women who currently have access to employer-based PPL and will discourage other smaller businesses from offering PPL. The potential loss outweighs the potential benefit.

The current paid parental leave scheme based on the minimum wage was always intended to be a first step towards a more comprehensive scheme; reducing the availability of paid parental leave would be a backward step. In its current form, it ensures that all women can have 18 weeks leave at the minimum wage, and then encourages employers to provide more leave. It effectively subsidises employer PPL schemes by providing a minimum wage for the first 18 weeks. This helps to normalise PPL in the workplace for both mothers and fathers, and encourages employers to develop their own scheme to attract and retain employees. The new proposal will limit paid parental leave to 18 weeks for most women, unless they have employers who are willing to pay for more than 18 weeks of leave.

Economic argument

The purpose of paid parental leave is to secure women's health, infants' health and ongoing workplace engagement. PPL allows more time for breast feeding, bonding, and child development while ensuring the security of a return to employment for the parents. Precarious employment is one of the primary reasons for young people delaying family formation and having fewer children than they say they want. We refer you to the information page on our ThinkFertility website at <http://thinkfertility.com.au/fertility-facts/> which details the trends in family formation and the drivers of those trends.

The economic argument for PPL is compelling.

Maintaining the current government scheme in addition to employers' schemes would encourage and assist smaller and medium businesses to supplement the government minimum scheme to offer extra benefits for their employees. While this is a small incentive to increase retention within small businesses, it directly translates into more parents maintaining employment and returning to the workforce instead of sacrificing one's career and increasing the dependency on family benefits payments or other type of social support. Removing the government scheme would make it very difficult to impossible for smaller employers to compete on the talent retention market with large organisations, government departments and universities.

Getting the right start in life is the first step towards a healthy and prosperous new generation of tax-payers that will start contributing to the Australian budget in less than twenty years. Maintaining parents within employment that is secured during the parental leave and providing at least a minimum of 26 weeks paid parental leave will have a direct positive impact on productivity and workforce participation. It is very important to set the argument at the right level – short term savings versus long term economic and social benefits.

BPW Australia is a member of the economicSecurity4Women national alliance www.security4women.org.au which recognises paid parental leave as a social compact that requires a commitment from government, employers and individuals. eS4W is concerned that the Government's refusal to contribute towards the cost of paid parental leave for employees entitled to a co-contribution from their employer will disadvantage up to 47% of families currently receiving paid parental leave.

Background: BPW Australia advocacy for paid parental leave

Susan Halliday was Australia's Sex Discrimination Commissioner from 1988 to 2001. Susan was a BPW member when she reviewed the rights of pregnant working women and released her report, *Pregnant and Productive - It's a Right not a Privilege to Work While Pregnant*, in 1999. In 2000 the Government's response was to adopt many of HREOC's recommendations to make workplaces less obstructive to pregnant women. However it did not support recommendations 44 and 46 that dealt specifically with paid maternity leave.

Recommendation 44:

That the Federal Government remove its current reservation to CEDAW article 11(2)(b) on paid maternity leave.

Recommendation 46:

That the Minister for Employment, Workplace Relations and Small Business provide funding to the Sex Discrimination Commissioner to undertake economic modelling and analysis of possible paid maternity leave options. The project, to be conducted in consultation with the Department, would also involve extensive and close consultations with all relevant interested parties.

The Government's justification included that Australian women already had up to 52 weeks of unpaid parental leave after 12 months continuous service, a means-tested maternity allowance and a Families and Communities Strategy that committed to researching obstacles to work and family arrangements. BPW Australia believed that this was nowhere near enough and agreed with the observation made at the time by the Sex Discrimination Commissioner, Susan Halliday, that

This recommendation was aimed at providing the data needed for an informed debate within Australia. It is impossible to have informed debate if we refuse to collect the data. Legislative frameworks need to reflect our labour market realities. Human rights law must not be allowed to stagnate. The time has come to update the legal protection women are entitled to.

BPW Australia's research, conducted across BPW International Affiliates worldwide, found that most countries, including most developing nations, had paid maternity leave with the majority having had such policies in place for decades. In only two of those countries was paid maternity leave required to be paid exclusively by employers; in all others it was a government benefit or a shared responsibility. The only developed nations that didn't have paid maternity leave were New Zealand – which passed legislation for PML in 2006), the USA – where many states [including most highly populated states] had paid maternity leave provisions at state level, and Australia – where some corporations and most governments and universities offered PML schemes but there was no state or national paid maternity leave legislation. This meant that Australia was then one of two developed nations where no woman had a statutory right to PML, and once New Zealand passed their law we were the only such nation where women had to rely on the generosity of their employer.

Australia's response to a 1921 ILO *Convention concerning the Employment of Women before and after Childbirth* [which was ratified by Australia in 2000] was to provide a family tax benefit. BPW regarded this as an inadequate implementation of the Convention requirement for maternity leave of not less than 14 weeks with cash benefits at a level which ensures that the woman can maintain herself and her child in proper conditions of health and with a suitable standard of living. Although Australia passed the Sex Discrimination Act in 1984 as a response to the United Nations *Convention on the Elimination of all forms of Discrimination Against Women*, it had a reservation against the clause that required maternity leave with pay or with comparable social benefits.

BPW Australia found the greatest obstacles to paid maternity leave for Australians were that Australians didn't know that

- the great majority of countries around the world had paid maternity leave as a long-standing policy, that governments paid those benefits, and that in those countries businesses had not gone under as a result and women were still being employed
- no other country in the world has long service leave, which was originally intended to permit Commonwealth public servants to visit the folks back home in England after 10 years' service in the Antipodes (1 month each way for the return boat trip and 1 month with their family) but had become part of working culture – and was being used as de facto paid maternity leave by working women.

BPW Australia researched and developed a policy statement which was updated regularly over the years advocating that paid maternity leave was a very ordinary provision accessible to most of the world's women, and that it should be available as a universal benefit for all working women in Australia, including business owners. The pressure was rising to bring in paid maternity leave in Australia because migrants were shocked that they had arrived in a country that had no such provisions and the casualisation of employment meant that few women of child-bearing age had access to long service leave.

Early versions of BPW Australia's statement were provided to Susan Halliday and to Pru Goward when she was appointed Sex Discrimination Commissioner (after a long period when the role was left vacant), and to Natasha Stott Despoja. Excerpts from it have found their way into many speeches and reports. BPW Australia appeared before the Productivity Commission in 2008 and presented these same arguments. We also presented evidence from the research conducted for the BPW Australia ThinkFertility project that Long Service Leave was the most common leave taken after childbirth, and that second babies were delayed or foregone because of the time taken to accumulate another few weeks.

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