



## **Joint Submission to Productivity Commission Inquiry**

# **PUBLIC INQUIRY INTO PAID MATERNITY, PATERNITY AND PARENTAL LEAVE**

**June 2008**

***In a social-democratic country like Australia, it is the responsibility of legislatures, other public authorities and community services to provide families with appropriate moral and material support.***

Australian Catholic Bishops' Conference, *Families Our Hidden Treasure: A Statement of Family Life in Australia*, Aurora Books, Melbourne, 1993

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## I Summary

This submission strongly advocates a paid national maternity leave scheme, to be jointly funded by government and all employers.

We look forward to the release of the Productivity Commission's draft report in September 2008, and propose to lodge a further submission after that date.

The key principles we would wish to see adopted, as a minimum, are as follows:

- (a) Introduction as soon as possible of a paid maternity leave scheme **covering** full-time, part-time, permanent, casual and self-employed employees who have worked in the paid workforce for a stipulated qualifying period.
- (b) **Social inclusion objectives** should be prioritised in scheme design. More specifically, the scheme's explicit objectives should include redressing existing inequalities *between* low-skilled, low-paid, part-time and casual employees (or would-be employees) *and* other employees. Furthermore, great care should be taken to guard against any inadvertent exacerbation of these inequalities.
- (c) Leave **payment amount** to be ordinary time earnings or average weekly earnings, whichever is the lesser, with superannuation payments continued as normal.
- (d) The **duration** of paid maternity leave should ideally be 26 weeks (reflecting WHO breastfeeding recommendations). However, upon the scheme's commencement it should be 14 weeks (reflecting current ILO standards), with scheme reviews mandated to consider phasing this up to 26 weeks by the earliest practicable date.
- (e) The scheme should be jointly **funded** by government and employers, in recognition of the significance of paid parental leave as both a crucial employment entitlement and an essential financial support for families. Each employer's contribution should be assessed according to staff numbers or payroll or a similar measure (i.e. without reference to the number of employees actually using or likely to use paid parental leave). Steps should be taken to ensure the capacity of not-for-profit community sector employers to meet mandatory employer contributions (see paragraph (f) below). All employer contributions should be collected into an "employer pool" of funds to guard against disproportionate impacts on sectors with higher proportions of female employees, and to avoid any risk of exacerbating workplace discrimination against women. In considering the optimal ratio of government to employer funding, a useful starting point could be:

- (i) Government funding at the amount of the Federal Minimum Wage (FMW) (revised along the lines proposed by ACCER with CSSA's involvement, in submissions to the Australian Fair Pay Commission); and
  - (ii) Employer pool funding of the gap between FMW and the full payment amount (i.e the gap *between* FMW *and* either the employee's ordinary time earnings or average weekly earnings, whichever is the lesser).
- (f) The funding model suggested above would only be possible if **small and especially community sector employers** were **protected** by special measures from the implementation, transitional and regulatory costs of the new scheme. In most cases, this will require governments to add additional funding under existing contractual arrangements to cover agencies' mandatory contributions to the employer pool. This is especially necessary given that current government funding for the community sector is well below the real cost of service delivery, and terms and conditions of employment are often well below those for equivalent positions in government or the private sector.
- (g) **Additional, voluntary, employer-provided paid parental leave (PPL) benefits**, over and above those provided under the new mandatory scheme, should be encouraged by the design of the new scheme.
- (h) We recommend that the **baby bonus** be retained but increased, annually indexed, and subjected to a far more stringent means test (e.g. one similar to that used for Family Tax Benefit Part A).
- (i) A consultative **review** of the scheme, mandated by statute, should be undertaken after its first *two* years in operation. As well as assessing impacts of the kind raised in the terms of reference of the present inquiry, the review should pay particular attention to the adequacy of the scheme's leave payment amounts, leave duration, eligibility criteria and arrangements regarding the right to return to work; and also the adequacy of governmental contributions to social service contributions in terms of enabling community sector employers to meet mandatory employer contributions. In light of its findings, the review should recommend policy and legislative changes aimed at improving the operation, economic and social impact, and equity of the scheme. A similar but more comprehensive review should take place after *five* years of the scheme's operation to help ensure and enhance the scheme's efficacy.

## II Introduction

### A About ACCER and CSSA

1. This joint submission is made by the Australian Catholic Council for Employment Relations (ACCER) and Catholic Social Services Australia (CSSA) to the Productivity Commission for its public inquiry into Paid Maternity, Paternity and Parental Leave.
2. ACCER is an agency of the Australian Catholic Bishops Conference. The Catholic Church is one of Australia's largest employers. Over 100,000 people are employed in health, education, community services and church administration. ACCER provides advice to the Bishops on employment policies and is a public advocate for policies which are consistent with the principles of Catholic Social Teaching concerning work and the employment relationship.
3. CSSA, an agency of the Australian Catholic Bishops Conference, is the Catholic Church's peak national body for social services. It represents 64 member organisations which employ over 6,500 people, and supports its members' delivery of a wide range of social service programs. CSSA also advises the Australian Catholic Bishops Conference on social policy issues and advocates publicly for social policy consistent with Catholic Social Teaching.
4. Additional details about these organisations are at **Attachment A** to this submission.

### B Scope of this Joint Submission

5. This submission addresses the Terms of Reference as set out in the Productivity Commission's *Issues Paper*.<sup>1</sup> We focus on the:
  - Needs of the family;
  - Common good;<sup>2</sup>

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<sup>1</sup> Productivity Commission, Inquiry into Paid Maternity, Paternity and Parental Leave, Productivity Commission Issues Paper, April 2008 ("the *Issues Paper*"), at p.31.

<sup>2</sup> The meaning of the "**common good**" in Catholic Social Teaching is explained as follows in the *Compendium of the Social Doctrine of the Church* issued in 2004 by the Pontifical Council for Justice and Peace (footnotes omitted; emphasis in original):

164. *The principle of the common good... stems from the dignity, unity and equality of all people. According to its primary and broadly accepted sense, the common good indicates "the sum total of social conditions which allow people, either as groups or as individuals, to reach their fulfilment more fully and more easily". The common good does not consist in the simple sum of the particular goods of each subject of a social entity. Belonging to everyone and to each person, it is and remains "common", because it is indivisible and because only together is it possible to attain it, increase it and safeguard its*

- Disadvantage experienced by women in balancing the responsibilities of work and family, and the need to ensure that women's roles in childbearing and childbearing do not adversely impact upon their capacity to enjoy full participation in the paid workforce;
  - Need to prioritise social inclusion goals, to ensure that any new paid parental leave scheme improves rather than entrenches existing inequalities; and
  - Responsibility of government to address these significant issues.
6. Except where otherwise specified, this submission deals with paid *maternity* leave.
  7. In this submission, the term "maternity leave" encompasses adoption leave (in situations where the employee, whether male or female, is "primary carer" of a newly adopted child aged under five).
  8. ACCER and CSSA may also support other forms of paid leave including paternity, grandparents' and foster parents' leave. While not wishing to make submissions on these forms of leave at this stage, we may do so at a later date.
  9. This submission also raises additional issues, such as the adequacy of the published Federal Minimum Wage as a basis for determining the quantum for some or all of the leave payment amount stipulated under a paid maternity leave scheme. The broader issue of the adequacy of the published Federal Minimum Wage has previously been raised by ACCER, with CSSA's involvement, in submissions to the Australian Fair Pay Commission (see section V.B and **Attachment B** below).

## C *General Remarks*

10. ACCER and CSSA support governmental provision of financial assistance to families as a vital part of government's social policy responsibilities. This should involve recognition of the:
  - Importance of motherhood, fatherhood and the family within Australian society;
  - Significance for families of income security;

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*effectiveness, with regard also to the future.* Just as the moral actions of an individual are accomplished in doing what is good, so too the actions of a society attain their full stature when they bring about the common good. The common good, in fact, can be understood as the social and community dimension of the moral good.

([http://www.vatican.va/roman\\_curia/pontifical\\_councils/justpeace/documents/rc\\_pc\\_justpeace\\_doc\\_20060526\\_compendio-dott-soc\\_en.html#Meaning%20and%20primary%20implications](http://www.vatican.va/roman_curia/pontifical_councils/justpeace/documents/rc_pc_justpeace_doc_20060526_compendio-dott-soc_en.html#Meaning%20and%20primary%20implications))

- Facilitation of parent/child bonding;
  - Promotion of the health and welfare of mothers and newborn children;
  - Prevention of disadvantage to women in employment arising from their intrinsic role in child bearing;
  - Importance of promoting the common good of society through ensuring the welfare of the next generation, particularly by special attention to the needs of disadvantaged and low-paid employees; and
  - Need to assist both women and men to manage their work and parental responsibilities so that the needs of children and families are met in the context of modern Australian society.
11. To assist in achieving these objectives, ACCER and CSSA submit that a paid maternity leave scheme should:
- Provide support to a family following the adoption or birth of a child where the mother (or primary carer of an adopted child aged under five) has worked in the paid workforce for a stipulated qualifying period, irrespective of the form of employment and irrespective of whether that qualifying period has all been spent with the current employer; and
  - Recognise the role of the “primary carer” in the formation and development of family life.
12. The introduction of paid maternity leave should be seen as both an employment entitlement and as a way society provides financial support for families.
13. The debate about paid parental leave payments should move beyond the parameters of employment to being a debate which is also about public policy and the provision of support to families. This approach would assist in the identification of support appropriate to the potentially diverse needs of women and families, now and into the longer term.
14. Given this, the following actions are considered vital in order to progress this discussion:
- Further economic modelling of various proposed paid maternity leave models – including a model along the lines of that proposed in this submission; and

- Further analysis and reappraisal of the effectiveness of current and proposed family assistance payments.
15. Such action may allow more accurate evaluation of the costs of paid maternity leave and, most importantly, comprehensive investigation of the diversity of options that might not only assist families to balance their work and family commitments but also ensure that public policy is implemented for the long term rather than from the consideration of one set of issues in isolation.

### III Term of Reference (TOR) 1: Identifying costs and benefits of Paid Parental Leave

#### *Benefits*

16. As is apparent from the discussion of “objectives” in the Productivity Commission’s April 2008 *Issues Paper*, the benefits of paid parental leave (PPL) are likely to be wide-ranging with the relative importance of each varying according to the design of the PPL scheme.<sup>3</sup>
17. The *Issues Paper* listed the following as possible objectives of PPL:
- Facilitating the mothers’ physical recovery;
  - Establishment of feeding routines;
  - Maternal/child bonding;
  - Promoting the child’s health and development;
  - Maintaining the mother’s longer-term attachment to the workforce (including retirement savings); and
  - Financial assistance for mother and family around time of birth.<sup>4</sup>
18. Additional potential benefits of PPL, and of paid maternity leave especially, might include:
- (a) Expressing a societal *consensus that we all have a share in*, and a contribution to make to, the *welfare of the next generation* – assuming that the scheme was expressly designed to produce this benefit (see *below* at part V.B, “Funding”);

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<sup>3</sup> Productivity Commission, *Inquiry into Paid Maternity, Paternity and Parental Leave, Productivity Commission Issues Paper*, April 2008 (“the *Issues Paper*”), at pp. 4-6.

<sup>4</sup> *Ibid* at p.5



- (b) Helping *overcome financial obstacles to family formation* – which are particularly acute for families where employment is low-skilled, low-paid, part-time and/or casual. This objective is highly significant for broader social inclusion objectives, but it could only be achieved if it were appropriately prioritised in the design of any PPL scheme (*see below* at part VI.B, “Wider social inclusion objectives” and part IX, “Impact and applicability of models across employment forms”);
- (c) Helping to *level the playing field for small community sector employers*. The community sector makes a vital contribution to our nation’s economy and to society more generally. PPL is of special interest to community sector employers, who greatly value the work of all carers (including parents) and whose employees tend to be predominantly female. However, the sector’s chronic under-funding means that it is funded at well below the real cost of service delivery, and as a result terms and conditions of employment are often well below those for equivalent positions in government or the private sector. With the best will in the world, many community sector employers are unable to offer PPL either at all or on a par with other employers (such as the public sector). The fact that many in the sector are denied access to paid maternity or paternity leave is a sad reflection of the under-valuing of the work of the sector. An adequately designed PPL scheme can help overcome this (*see below* at part V.B, “Funding”);
- (d) Promoting closer *attachment to the workforce, greater recognition of their rights, and increased skill development*, thereby enhancing labour productivity, for employee parents who work (or would like to work) on a *casual and/or part-time* basis. This is especially important for those who are somewhat on the margins of the workforce. Once again, this benefit could come about only if its significance were built into the design of the scheme (*see below* at part VI.A at 2(b)(ii), “Employment, workforce participation and earnings” and see also section IX, “Impact and applicability of models across employment forms”);
- (e) Enabling recovery time for *mothers* experiencing post-natal depression or other *mental health* issues, thereby minimizing the risk of financial stress exacerbating such health problems (*see below* at part VI.A at 2(b)(iv), “Post-birth health of the mother”); and

- (f) Net budgetary gains for Commonwealth (and also State and Territory) Governments, as the direct or indirect results of improvements in employment participation and labour productivity and other positive economic consequences of PPL bring with them:
  - (i) Additional taxation revenue; and/or
  - (ii) Savings from averted expenditure on employment programs, social security, health, etc.

### Costs

- 19. Estimates of the costs of PPL are very wide-ranging, and it is difficult to make any confident overall costing. This is because of the many possible variables in scheme design, uncertainty as to what the take-up rate might be, and the inability to predict flow-on effects (e.g. on child care usage).
- 20. Costs of paid parental leave are likely to include:
  - (a) Leave payments to parents accessing paid maternity, paternity or parental leave;
  - (b) Regulatory/administration costs, for both employers and government;
  - (c) Administration and other non-salary costs for employers of any expansion in the employment types to which paid or unpaid parental leave applies;
  - (d) Possible increases in Commonwealth expenditure – if, for example, PPL brings increased take-up rates of social security benefits, family assistance payments, child care rebates, etc. The outcomes here cannot even be guessed at without a series of assumptions regarding the design of the PPL scheme and the nature of any accompanying (or even unrelated) changes to social security and family assistance measures; and
  - (e) Transitional costs – which alone would be considerable. Examples include:
    - (i) For employers already providing employer-funded PPL, especially in award or contractual provisions not subject to any simple process of amendment, a major question concerns the treatment of existing provisions under any new national PPL scheme. Would they be grandfathered, either in full or to the extent that they are more generous to the employee than the new national scheme? Might employers channel funding previously set aside for these

entitlements into the employer funding pool we recommend below (see below at section V.B, under option (d))? Might such funding be converted into forms of voluntary, additional employer-provided entitlements offered over and above the new national scheme? Or would one or more of many other options be available? However handled, this question will involve transition costs; and

- (ii) The inevitable glitches attending the introduction of any major new social/economic policy.

21. Community sector organisations warrant special attention in considering the costs to employers of a new national PPL scheme. Such organisations already struggle to comply with a high regulatory and administrative burden, assisted neither by chronic under-funding nor the red tape associated with certain Government programs delivered by the community sector.<sup>5</sup> Non-Government community sector organisations incurred \$20.3 billion in expenditure in 2005-06, representing 70% of total welfare expenditure that year. This figure had almost doubled since 1998-99.<sup>6</sup> However, those working in community services comprise only a tiny proportion of Australia's workforce. In 2006, those working in community services industries made up 2.6% of all workers, while those employees classified in community services occupations made up 3.6% of all employees (of whom 48% worked in community services industries).<sup>7</sup>
22. We therefore recommend that appropriate and effectively-monitored steps be taken to protect community sector employers from costs involved with a new PPL scheme (see paragraph 18(c) above and paragraph 40 below).

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<sup>5</sup> See e.g. Catholic Social Services Australia, *Submission to the Commonwealth Government: 2008-09 Pre-Budget Submission*, January 2008

([http://catholicsocialservices.org.au/system/files/0801\\_CSSA\\_Pre\\_Budget\\_Submission\\_2008\\_09.pdf](http://catholicsocialservices.org.au/system/files/0801_CSSA_Pre_Budget_Submission_2008_09.pdf) at pp.5-10 (on Commonwealth program funding and community sector service providers). See also Australian Council of Social Service, *Australian Community Sector Survey: Report 2007* ([http://www.acoss.org.au/upload/publications/papers/2101\\_Community%20Sector%20Survey%202007.pdf](http://www.acoss.org.au/upload/publications/papers/2101_Community%20Sector%20Survey%202007.pdf)) at p.3 (Government contract requirements diverting resources from service delivery, especially for smaller organisations) and p.1 (funding shortfalls: "Of the 795 respondents who answered a question about the three most important issues facing their organisation, 92% mentioned inadequate funding or insufficient resources as a major issue facing their service.")

<sup>6</sup> Australian Institute of Health and Welfare, *Australia's Welfare 2007: The eighth biennial welfare report of the Australian Institute of Health and Welfare*, Canberra, Cat. No. AUS 93, 2007, at p.346.

<sup>7</sup> *Ibid* at p.347.

### *Unintended Consequences*

23. The *Issues Paper* asks “What could be done to avoid or reduce the impact of any unintended consequences?”<sup>8</sup> However, it should not be assumed that all unforeseen consequences will be necessarily undesirable. Evaluation and review processes should also be alert to unforeseen positive consequences which may arise.

### *Weighing up Costs and Benefits*

24. The costs of any PPL scheme should not be understated. However, nor should they be set against a short-term or narrowly-defined bottom line. Against the scale of our GDP, and indeed of the Commonwealth Budget, what is at issue is not vast amounts of money. Furthermore, although we note that not all the costs are financial and agree that “rigorous and objective” ways to balance costs and benefits should be preferred, we strongly endorse the statement in the *Issues Paper* that:<sup>9</sup>

Measuring the financial costs of various models of paid leave is probably easier than the benefits, many of which will be hard to quantitatively assess. *The difficulty in putting a value on these benefits does not reduce their importance*

25. Weighing up the benefits and costs of PPL is difficult, not least because it is impossible to over-state the importance of caring for other human beings as a worthwhile form of participation in society – and that importance into policy-making.
26. Catholic Social Teaching espouses that society has a role in fostering the formation and development of a family. We believe that this view is consistent with a broader societal consensus. As expressed by Pope John Paul II:

just as the intimate connection between the family and society demands that the family be open to and participate in society and its development, so also it requires that society should never fail in its fundamental task of respecting and fostering the family.<sup>10</sup>

and:

In the conviction that the good of the family is an indispensable and essential value of the civil community, the public authorities must do everything possible to ensure that families have all those aids – economic, social, educational,

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<sup>8</sup> *Issues Paper* at p.6.

<sup>9</sup> *Ibid* at p.6 (emphasis added).

<sup>10</sup> Pope John Paul II, *Familiaris Consortio*, Pauline Books and Media, Boston, 1981, paragraph 45.

political and cultural assistance – that they need in order to face all their responsibilities in a human way.<sup>11</sup>

#### **IV TOR 2: Current employer provision of paid parental leave**

27. The Catholic Church in Australia is a major employer engaged in Diocesan and Parish administration, pastoral care, health and aged care, education and the provision of community services. There is a wide range of paid and unpaid maternity leave provisions within Catholic Church employment. To some extent, this variation arises from the variety of instruments that regulate employment in the various sectors. For example: some Church employees are “award free”; some are covered by State or Federal awards; some are covered by common law contracts, some by the Australian Catholics Bishops Conference conditions of employment; and others engage in enterprise bargaining. Anomalies in parental leave provisions offered to Church employees are also directly affected by the size of the individual employing agency and the resources available to that employer, especially in the form of government funding, to provide a payment.
28. Employees in the health and aged care and education sectors are covered by awards and enterprise agreements with various provisions for paid maternity leave of up to 14 weeks in duration. The education sector nationally, through enterprise agreements and award conditions, provides 12–14 weeks’ paid maternity leave.<sup>12</sup> A sample of provisions provided to employees in the Catholic community sector shows a wider range of entitlement to paid maternity leave: of 0-14 weeks. The conditions of employment of the Australian Catholic Bishops Conference provide for six weeks’ paid maternity leave. Administrative employees, especially in Diocesan and Parish administration, are covered by State awards and Federal awards in Victoria and the Territories, and their paid maternity leave entitlement ranges from zero to six weeks.

#### **V TOR 2(a): Identifying PPL Models for Use in the Australian Context**

##### **A Applicability of Overseas Models**

29. In identifying a PPL model for use in the Australian context it is important to evaluate the actual nature of the Australian context in comparison with the underlying infrastructure of

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<sup>11</sup> *Ibid.*

<sup>12</sup> One exception is the Australian Catholic University, with more generous entitlements (as set out in the *Issues Paper* at Table 1 of Attachment A).

existing overseas models. A view on a PPL model cannot be taken in isolation and requires a holistic evaluation incorporating the role of the taxation system and other transfer payments available to families in Australia. It is not feasible to expect that an overseas model might be implemented directly into the Australian context without consideration of differences in the underlying taxation, transfer payment infrastructures and labour market conditions existing in each scheme. In particular, it is inappropriate in the Australian context to consider employee contributions such as those which in overseas models are premised on an entirely different social security model – one resting on employee contributions to social insurance.

30. New Zealand has some similarities to the Australian context in terms of labour market conditions, demographics (an ageing population and shrinking working-age population), ongoing skill shortages, an increasing number of women in work, the unequal distribution of paid and unpaid work between women and men, high employment growth, and a social security infrastructure not based on employee contributions. As in Australia, family structures and parenting arrangements in New Zealand have grown more diverse and women tend to have fewer children and at an older age than was previously the case. While these similarities might lead to favouring the New Zealand model, it remains imperative that Australia develops a system that incorporates its unique needs and interaction with existing Australian arrangements.

## **B Funding**

31. Currently, where paid maternity leave is available to employees it is provided by employers on a voluntary basis. Whilst of great benefit to those mothers who get it, paid maternity leave is not available for over fifty percent of working women. This is inequitable, particularly as low-skilled, low-income, part-time and casual employees are especially disadvantaged in terms of access to and usage of paid maternity leave.<sup>13</sup> The design of a paid parental leave should ensure equitable access to paid maternity leave for all working women, irrespective of the willingness or ability of individual employers to provide it.
32. Funding of such a scheme raises many complex issues. Here we will address only one major question, and in very broad terms: Who should pay? Four options are considered here (note that not every option is intended to represent in itself a full funding model).

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<sup>13</sup> See below at 2(b)(vi) under section VI (“Relieving financial pressures on families”), and at section IX (“Impact and applicability of models across employment types”).

*Option (a) Government funding alone*

33. A key problem with this option is that it detracts from broader recognition of the role of PPL as an employment condition, one which is essential to the enjoyment by both women and men of full participation in the paid workforce and a genuine cost of doing business.

*Option (b) Any contribution by employees taking PPL*

34. We oppose any direct contribution by employees. By paying income tax, all employees contribute to consolidated revenue – i.e. the source of government funding towards the proposed PPL scheme. And we do not have the infrastructure of direct employee social insurance contributions which prevails in many overseas jurisdictions.

*Option (c) Government funding supplemented by employers of those employees taking PPL*

35. This option is problematic because it would impose a disproportionate and unfair burden on those sectors employing a higher proportion of female employees, such as the community services and retail sectors. It might also perversely exacerbate the problem of discrimination against women in the workforce by making some employers (especially small employers) less willing to employ women of childbearing age.

*Option (d) Government funding supplemented by **all** employers*

36. This option is **our preferred option**.
37. It allows for a balanced contribution by government and employers. It recognises the stake that we all (including employers) have in ensuring the existence and welfare of the next generation. And it acknowledges the role of paid parental leave as a crucial employment entitlement, as well as an essential financial support for families.
38. Funding contributed by employers should be pooled, so as to avoid the problems identified at paragraph 35 above. Pooled funding would avoid disproportionate impacts on sectors employing more women and would be an important safeguard against gender-based workforce discrimination. Employer contributions should be assessed on a measure such as staff numbers or payroll, rather than on the number of staff actually using or likely to use paid parental leave. All employers, not only those employing many women of childbearing age, should contribute towards the scheme. This common pool of

employer funding would promote the common good<sup>14</sup> of all society – including **all** employers – by enhancing both women’s enjoyment of their workplace rights and the well-being of the next generation.

39. Identifying the optimal ratio of government/employer contributions is a challenge likely to stimulate much debate. A useful starting point for that debate is the following breakdown:
- (a) Government funding of the amount of an adequate Federal Minimum Wage (FMW), assessed in the manner proposed by ACCER, with CSSA’s involvement, in submissions to the Australian Fair Pay Commission – as summarised at **Attachment B** to this submission; and
  - (b) Employer pool funding of the gap between FMW and the full payment amount, that is of the gap *between* FMW *and* either the employee’s ordinary time earnings or average weekly earnings, whichever is the lesser.
40. Steps must be taken to ensure the capacity of not-for-profit community sector employers to meet mandatory employer contributions, for reasons elaborated upon above (see paragraphs 18(c) and 22 above). In many cases, governments will need to add additional funding under existing contractual arrangements in order to cover agencies’ mandatory contributions to the employer pool. This is especially necessary given that current government funding for the community sector is well below the real cost of service delivery, and terms and conditions of employment are often well below those for equivalent positions in government or the private sector.

### C Eligibility for Payment

41. In evaluating the provisions of any proposed PPL model, potential social outcomes must be given due consideration. Any new PPL scheme should cover casual and part-time employees, and those without continuous service of more than twelve months with their current employer prior to the date of birth or adoption. In addition, those women who are owner operators of a business, of whom there are an increasing number,<sup>15</sup> and independent contractors, also require consideration in any paid maternity scheme.

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<sup>14</sup> On the concept of the “common good”, see note 2 above.

<sup>15</sup> Australian Bureau of Statistics, *Women in Small Business*, Year Book, 1997, AGPS, Canberra.



42. A qualifying period should be stipulated for entitlement to paid maternity leave. This could be set at a certain number of months of employment in the paid workforce during the twelve months preceding the birth (or adoption) of the child, with:
- (a) Eligibility to exist even if there has been one or more gaps in participation in the paid workforce during the preceding twelve months, providing the total duration of such gaps was no longer than three months;
  - (b) No requirement for the employment to have been with any one employer, including the current employer, for any set period during the preceding 12 months; and
  - (c) In relation to casual employees: No requirement to demonstrate that, but for the expected birth or adoption placement, the employee would have had a reasonable expectation of continuing to be engaged by the employer on a regular and systematic basis.

#### D Duration

43. A number of submissions to the present Productivity Commission inquiry have recommended a minimum of 14 weeks paid **maternity** leave. This is consistent with ILO Convention 183 (C183 Maternity Protection Convention 2000), which provides for a period of maternity leave of “not less than 14 weeks” (Article 4.1). We also note that the World Health Organisation (WHO) recommends that breastfeeding should be the exclusive form of feeding up to six months after birth.
44. The New Zealand scheme provides for a period of 14 weeks paid maternity leave, and a 2005/06 evaluation by the New Zealand Department of Labour concluded that the overall scheme enjoyed “considerable support from mothers, fathers and employers alike”, but that some parents felt that “the relatively short duration of PPL advantages employers more than mothers.”<sup>16</sup>
45. We recommend that the scheme initially provide for a paid maternity leave period of 14 weeks, with scheme reviews mandated to aim to increase this period to 26 weeks by the earliest practicable date.
46. With respect to paid **paternity** leave, ACCER and CSSA support a period of paid paternity leave but do not have a view as to how long this period should be at this stage.

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<sup>16</sup> New Zealand Department of Labour, *Parental Leave in New Zealand 2005–2006 Evaluation*.

However, we may make submissions on this point after the September 2008 release of the Productivity Commission's draft report.

### E *Payment amount*

47. One critical objective of any paid maternity scheme should be to provide financial assistance to families upon the adoption or birth of a child. Hence our support for the provision of financial assistance to families via a paid maternity leave scheme funded jointly by government and employers. This is consistent with Catholic Social Teaching regarding society's obligations to support families – teaching which we believe to be entirely consistent with a shared societal consensus (see above at paragraph 26).
48. A second major objective of paid parental leave is the enhancement and enabling of women's participation in the paid workforce – in a way which respects human dignity.
49. Neither of these crucial objectives will be served if the amount of maternity leave payment is set at too low a level.
50. We therefore strongly favour a maternity leave payment set at the level of the employee's ordinary earnings up to a cap of average weekly earnings.

### *Superannuation*

51. Superannuation payments should continue to be made, as would be the case if the employee were at work, during the period of paid parental leave. This is of vital importance, especially in view of the current "parlous" state of women's superannuation holdings.<sup>17</sup>
52. Catholic Social Services Australia recommended the following action in its submission to the recent inquiry by the Senate Community Affairs Committee into cost of living pressures on older Australians:

...action to minimise the risk of increasing wealth and income inequalities among older Australians by considering how the superannuation system could be changed to remove the existing systemic bias against those who have worked for low wages or

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<sup>17</sup> "Parlous" is the term used in Leslie Nielson, Super co-contribution -- performance to date, Parliamentary Library Research Note, 4 November 2005 (2005), and see also sources cited there at note 18. On one estimate, women held around 30 per cent of total superannuation account balances in 2003-04 (Ross Clare, *Are retirement savings on track?* Association of Superannuation Funds of Australia, June 2007, at p.14).

spent extended periods of their working-age lives *out of the paid workforce*, unemployed or underemployed.<sup>18</sup>

53. We were heartened by the following recommendation in the Community Affairs Committee's report from that inquiry, *A decent quality of life*:<sup>19</sup>

*Recommendation 3:* The committee recommends that the Government continues its review of incentives and initiatives related to superannuation savings, especially aimed at facilitating and encouraging greater savings for older people in vulnerable groups. In particular this review should consider *measures that will ensure a reasonable standard of living for older people, especially women*, those on below average incomes, those who have lived with long-term chronic illnesses *and those whose earning capacity has been greatly limited by their caring responsibilities.*

54. In the spirit of this recommendation by the Senate Community Affairs Committee, we submit that continuation of superannuation payments at their usual rate should be an integral component of any paid parental leave scheme.

## F Right to Return to Work

55. We note that Article 8.2 of ILO Convention 183 provides as follows:

A woman is guaranteed the right to return to the same position or an equivalent position paid at the same rate at the end of her maternity leave.

56. Currently, employees who have completed 12 months' service with the same employer generally have the right to return to their former position upon returning from unpaid parental leave. This entitlement is set out in the *Workplace Relations Act 1996* and the Australian Fair Pay and Conditions Standards.
57. We submit that, in the first instance, under any new PPL scheme the same qualifying period as currently applies (12 months' service with the current employer) should continue to apply in relation to the right to return.

## G Transitional provisions

58. As with the introduction of any new payment scheme, ACCER and CSSA submit that there is a need for consideration of transitional provisions to address existing

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<sup>18</sup> Catholic Social Services Australia, *Submission to Senate Community Affairs Committee: Inquiry into Cost of Living Pressures on Older Australians*, July 2007, Recommendation 6 at p.16 (emphasis added) (<http://catholicsocialservices.org.au/publications/submissions>).

<sup>19</sup> Senate Standing Committee on Community Affairs, *A decent quality of life: Inquiry into the cost of living pressures on older Australians*, March 2008 at p. xv (emphasis added) ([http://www.aph.gov.au/Senate/committee/clac\\_ctte/older\\_austs\\_living\\_costs/report/index.htm](http://www.aph.gov.au/Senate/committee/clac_ctte/older_austs_living_costs/report/index.htm)).

arrangements. Examples of issues requiring attention are those listed at paragraph 20(e) above.

## H Review mechanism

59. An initial evaluation and review of the new scheme should be conducted by the Productivity Commission after two years of operation, with a further and wider-ranging review around the five or six year mark. These reviews should be mandated by statute at the scheme's inception and be conducted by the Productivity Commission.
60. The mandating legislation should also stipulate review topics (though not exhaustively). Examples of such topics could include:
  - (a) The issues raised in Terms of Reference 2(b), 2(d) and 2(e) of the present 2008-09 inquiry (except looking at the actual, rather than potential, impacts of the PPL scheme which would then be in operation);
  - (b) The impacts on the most marginalised employees in the labour force and their equality of access to family formation and workforce participation opportunities;
  - (c) The adequacy in practice of parental leave payment amounts;
  - (d) Opportunities for improving the scheme's provisions – especially for leave payment amounts, leave duration, eligibility criteria and the right to return – to the mutual benefit of employees and employers, and in a way which prioritises societal support for family care work;
  - (e) Particular impacts on small employers and community sector employers;
  - (f) Whether the additional steps required to ensure that community sector employers are adequately resourced to meet their mandatory employer contributions have been effective; and
  - (g) Recommendation of policy and legislative changes to address identified problem areas or otherwise enhance the scheme's capacity to meet its objectives.

## **VI TOR 2(b): Assessment of Potential Impact of those Models on:**

### **A Specific Areas Highlighted in TOR 2(b):**

#### **2(b)(i) Costs and Benefits for Small and Medium-sized Business**

##### *Financial Costs - Capacity to Pay*

61. We have considered whether it would be appropriate to exempt particular employers from a system of paid maternity leave, on the basis of financial and/or regulatory cost. However, the overriding consideration is that any system of paid maternity leave should be universal in terms of employee entitlement. If not universal, any scheme would have an unfair impact on employees and the wider community, as it would result in only those working for wealthier or larger organisations having access to paid maternity leave or an unfair burden on those employers with a predominantly female workforce. This would simply exacerbate existing inequalities.

##### *Regulatory Cost*

62. The PPL scheme should be administered by the Government.

##### *Benefit – Attraction and Retention*

63. Improved staff attraction and retention are key benefits for employers of a paid maternity leave system jointly funded by government and employers. The current uneven playing field makes these benefits especially meaningful for such employers as charities, non-for-profit entities and community sector organisations. This is because an appropriately funded PPL scheme would make it easier for such organisations to attract staff, and make them less likely to lose existing staff members to larger, wealthier organisations.

#### **2(b)(ii) Employment, Workforce Participation and Earnings**

64. Mothers' decisions about workforce participation are affected by a complex web of factors. Examples of the factors which a woman might take into account in deciding whether and when to return to the workforce after the birth of a child include the following:<sup>20</sup>

- Financial rewards of work;
- Other rewards of work (such as self esteem, job satisfaction and social contact);

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<sup>20</sup> See e.g. Jody Hughes and Kelly Hand, "Does money matter? Mothers' views about money and how it influences employment decisions", Paper presented at 9<sup>th</sup> Australian Institute of Family Studies Conference, Melbourne, 9-11 February 2005, at pp. 1-2 and 3-4.

- Impact of effective marginal tax rates;
- Opinions about what constitutes good parenting; and
- Level of household income in absence of paid maternal employment.

65. It is therefore very difficult to estimate how mothers' post-birth employment decision-making across the workforce might be affected by the universal (or near-universal) provision of paid maternity leave.

66. In our view, the additional financial flexibility provided by paid maternity leave combined with the prospects for increased workforce attachment make paid maternity leave a desirable development in enhancing women's participation and status in the paid workforce.

### **2(b)(iii) Work/Family Preferences in First Two Years after Birth**

67. As noted above, mothers' decisions about employment participation are highly complex. The presence and nature of paid maternity, paternity or parental leave will be so many additional factors to be weighted on the scales, in addition to those noted at paragraph 64 above.

68. For low-skilled women not currently eligible for paid maternity leave, a new PPL scheme could make all the difference by enabling women to resume paid employment at a time of their own choosing rather than at a time dictated by the household budget alone. We support facilitating this greater degree of choice.

### **2(b)(iv) Post-birth Health of the Mother**

69. The *Issues Paper*<sup>21</sup> rightly identifies mothers' post-birth recovery as one objective of a PPL scheme. However, the post-birth mental health of mothers deserves particular attention, especially given the prospects for financial stress to exacerbate the severity of any experience of post-natal depression.

70. Also significant in this context is the special situation of single mothers, especially those who may have suffered from domestic violence. Paid maternity leave, especially for women in casual employment who may not have strong links to the paid workforce, might

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<sup>21</sup> *Issues Paper* at p.5.

prove highly beneficial in terms of self-esteem and life direction for women in especially vulnerable situations.<sup>22</sup>

## **2(b)(v) Development of Young Children**

71. We welcome the increased recent emphasis on the significance of early childhood, and submit that this factor favours the introduction of an appropriately-funded paid parental leave scheme.

72. The issues at stake here were eloquently summarised in a recent lecture by Professor Deborah Brennan of the University of New South Wales:

European PPL schemes also emerge from a growing consensus about the needs of babies and the best ways to support the parents of newborns. Scientific knowledge about babies in their first months of life should also be driving Australian policy in this critical area but my sense is that it is not, not yet. Babies thrive in the care of loving, responsive adults who understand their needs, who know them as individuals and who have the personal resources to be responsive. These carers do not have to be their parents, but many parents want passionately to be the carers of their infant children.<sup>23</sup>

73. We endorse those sentiments.

74. Consideration of child health and development outcomes is particularly significant for children born in disadvantaged localities, whose lives are liable to be set back from the outset by the interrelationship between a complex web of disadvantageous factors. Potential consequences of this in later life include negative outcomes in terms of education, income, unemployment and crime.<sup>24</sup> A government-funded paid parental leave scheme, if designed to prioritise the interests of low-skilled, low-income, casual and/or part-time employees, could play a helpful role in redressing geographic disadvantage by alleviating financial stressors on families and by enhancing parental attachment to the paid workforce.

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<sup>22</sup> Up to 45% of single mothers receiving income support payments were estimated by one study to experience a diagnosable mental disorder during a one-year period (Butterworth et al 2006 p.649 – *ADD REF*) – a statistic we should all be concerned to improve.

<sup>23</sup> Professor Deborah Brennan, “Childcare: Families that work”, *Australian Policy Online*, 12 March 2008 ([http://www.apo.org.au/webboard/comment\\_results.shtml?filename\\_num=200391](http://www.apo.org.au/webboard/comment_results.shtml?filename_num=200391)), publishing the text of a lecture delivered on 6 March 2008 at the University of New South Wales.

<sup>24</sup> A major recent study by Professor Tony Vinson, commissioned by Catholic Social Services Australia and Jesuit Social Services, mapped social disadvantage across Australia. The project systematically compiled data on a wide range of indicators of disadvantage. It found that 1.7% of communities across Australia accounted for over seven times their share of top-ranking positions of major factors causing or demonstrating intergenerational poverty. Those factors include: low income; limited computer and internet access; early school leaving; physical and mental disabilities; long-term unemployment; prison admissions; and confirmed child maltreatment. Tony Vinson, *Dropping off the edge: The distribution of disadvantage in Australia*, Jesuit Social Services and Catholic Social Services Australia, 2007.

## 2(b)(vi) Relieving Financial Pressures on Families

75. As noted at paragraph 68 above, the impact on family finances of a joint funded maternity leave scheme could make all the difference for many families. It would alleviate financial pressures arising in the period immediately surrounding childbirth. Beyond that, it would reduce financial obstacles to implementing values-driven parental choices to maximise time spent caring for children at home. Furthermore, the permanence of the scheme should assist with certainty and planning, thus allowing women and families to make better-informed career and family decisions.
76. The women and families who would benefit most from a paid maternity leave scheme are those where parents work in low-skilled, low-income, casual and/or part-time employment – especially in industry sectors where employers have not tended to offer paid maternity leave, such as the retail, hospitality and community services sectors.
77. This is because of existing imbalances in the usage of paid maternity leave – as illustrated by the following statistics:
- (a) Employment type: According to ABS statistics cited in the Productivity Commission's *Issues Paper*, women who took paid maternity leave in 2003-2005 comprised:<sup>25</sup>
    - (i) only 5% of relevant mothers among *casual* employees, as compared with a figure of 46% for permanent employees; and
    - (ii) only 25% of relevant mothers among *part-time* employees, as compared with a figure of 44% for full-time employees.
  - (b) Income: As noted in the *Issues Paper*, ABS data indicates that “employees on higher weekly incomes are more likely to have access to paid parental leave”.<sup>26</sup>
  - (c) Occupation: Relevant here are the findings of a 2005 ABS survey of mothers of children aged under two, who had been employed during pregnancy. That survey found that six in ten employed female “professionals” had used paid maternity leave, as compared to three in ten employed female “intermediate clerical, sales and service workers”. As noted by the ABS, use of maternity leave “differs by occupation

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<sup>25</sup> *Issues Paper* at p.24 – citing ABS, *Employee Earnings, Benefits and Trade Union Membership, Australia*, Aug 6310.0.

<sup>26</sup> *Issues Paper* at p.22.



with higher proportions of women in skilled occupation groups using paid maternity leave".<sup>27</sup>

- (d) Industry sector: The *Issues Paper* notes that usage of paid maternity leave ranges from around 5% in retail trade to 76% for government administration and defence.<sup>28</sup>

78. This submission therefore emphasises the need for any new national paid maternity leave scheme to be designed so as to redress, rather than exacerbate, existing inequalities in access to and usage of paid maternity leave. The interests of families with employees in low-skilled, low-income, casual and/or part-time employment must be prioritised in the design and implementation of any paid maternity leave scheme. And ongoing monitoring and evaluation of the scheme's operation should explicitly review the degree to which it is succeeding in practice in redressing existing inequalities.

## B Wider Social Inclusion Objectives

79. Announcing the inaugural members of the Social Inclusion Board on 21 May 2008, the Prime Minister and Deputy Prime Minister jointly stated that:

Every Australian should have an opportunity to be a full participant in the life of the Nation. Unfortunately, too many Australians remain locked out of the benefits of work, education, community engagement and access to basic services.

This social exclusion is a significant barrier to sustained prosperity and restricts Australia's future economic growth.

Promoting social inclusion requires a new way of governing. Australia must rethink how policy and programs across portfolios and levels of Government can work together to combat economic and social disadvantage.

80. We wholeheartedly share the Commonwealth Government's commitment to social inclusion, which reflects long-standing Catholic Social Teaching principles concerning human dignity, a preferential option for the poor, and the importance of ensuring that each person is able to enjoy full participation in society.

81. For individuals and families, "social inclusion" has no meaning if the most marginalised employees or would-be employees are impeded from forming or adding to families by inadequate societal recognition of the value of childrearing. Paid parental leave provides one important means of facilitating opportunities for all Australians to enjoy the joys of

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<sup>27</sup> Australian Bureau of Statistics, *Australian Social Trends 2007, Article: Maternity Leave Arrangements*, Cat. 4102.0, released 7 August 2007, at p.4.

<sup>28</sup> *Issues Paper* at p.24 – citing ABS, *Employee Earnings, Benefits and Trade Union Membership, Australia*, Aug 6310.0.

parenthood, and for this reason alone an appropriately funded paid parental leave scheme deserves support.

## **VII TOR 2(c): Assessment of Cost Effectiveness of these Models**

82. ACCER and CSSA have no explicit comment to make on this point at this time, beyond the points noted above at paragraphs 24-26 above.

## **VIII TOR 2(d): Interaction with Social Security and Family Assistance Systems**

83. At this stage, our comments on this complex topic are confined to the “baby bonus” and do not address the broader interaction of a PPL scheme with the social security and family assistance systems.

84. Here we note some advantages of paid parental leave relative to the baby bonus, then comment on three possible approaches to the baby bonus upon the introduction of a joint funded paid maternity leave scheme.

85. Catholic teaching has long acknowledged the importance of the unpaid work of primary carers, until very recently almost exclusively women:

While speaking about employment in reference to the family, it is appropriate to emphasise how burdensome is the work women do within the family unit: that work should be acknowledged and deeply appreciated. The “toil” of a woman who, having given birth to a child, nourishes and cares for that child and devotes herself to its upbringing, particularly in the early years, is so great as to be comparable to professional work.<sup>29</sup>

### *Advantages of Paid Maternity Leave over Baby Bonus*

86. Paid maternity leave is preferable to the “baby bonus” – in terms of enhancing women’s participation in the workforce, legitimising women’s choices about both caring and working, prioritising maternal and child health, and a host of other benefits. It should also be less subject to the vagaries of year-to-year Commonwealth Budget policy-making, and signal just how fundamental the concept of supporting families is to our society.

87. The existence of the baby bonus is no argument against the introduction of a joint funded maternity leave scheme. On the scale of the history of government transfers to Australian families, the baby bonus remains a very new form of payment. It would be unfortunate if political or public perceptions about this single payment lessened the prospects for a well-

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<sup>29</sup> Pope John Paul II, *Letter to Families*, St Paul Publications, Homebush, 1994, paragraph 17.

planned, long-term, appropriately funded paid maternity leave scheme. The latter offers much more for individuals, families and Australia.

#### *Retention of Baby Bonus Payment in its Current Form?*

88. We do not advocate the retention of the baby bonus in its current form.

#### *Abolition of Baby Bonus?*

89. However, paid maternity leave should not be seen as a substitute for the baby bonus. Simply abolishing the baby bonus would unjustly remove much-needed assistance from many low-income families – where no parent is in paid employment, or where one or both parents are employed but neither meets the eligibility criteria for paid parental leave, or where maternity leave payments are available but at a low level.

90. We would be open to other forms of family assistance to low-income families which might replace the baby bonus in its current form. However, we would not support the abolition of the baby bonus, as a policy decision accompanying any introduction of a national paid maternity leave scheme, in the absence of alternative forms of financial support targeting those most in need.

#### *Our Proposal: Retain Baby Bonus but in Amended Form*

91. We recommend that the baby bonus be retained but:

- (a) *Significantly increased*, in recognition of the fact that, irrespective of a parent's history in the paid workforce, childrearing is itself a valuable contribution to society, including to the economy;
- (b) *Annually indexed*; and
- (c) *Subjected to a far more stringent means test* than the one introduced in the 2008-09 Commonwealth Budget (e.g. by a means test similar to that used for Family Tax Benefit Part A).

## **IX TOR 2(e): Impact and Applicability of Models Across Employment Forms**

92. Our comments here focus on the need for any paid maternity leave scheme to encompass part-time and casual forms of employment. Of female employees, 49% are

employed on a part-time basis and 29% employed on a casual basis.<sup>30</sup> Of all employees, 24.7% are employed on a casual basis.<sup>31</sup> Casual employees earn less than permanent employees.<sup>32</sup>

93. As indicated above (see paragraph 77(a)), there are stark disparities in the existing use of paid maternity leave by casual relative to permanent employees, and by part-time relative to full-time employees.

94. The retail sector, where only about 5% of women now use paid maternity leave, provides an important example of how a joint funded paid maternity leave scheme encompassing part-time and casual employees would benefit women at the lower end of the earnings, skills and job security spectrums. This is because of the retail sector's:

- Employment of 804,000 women – a significant share of the 4.8 million women employed across the entire workforce;<sup>33</sup>
- High representation of female employees – as 66% of part-time retail employees; 52% of all retail employees; and 60% of all “personal and household good retailing” employees<sup>34</sup>;
- High concentration of low-paid employees – with one of the lowest mean weekly earnings levels of any industry sector.<sup>35</sup> 34% of retail employees are award-reliant (the second-highest rate of all industry sectors);<sup>36</sup> and

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<sup>30</sup> Australian Bureau of Statistics, *Employee Earnings, Benefits and Trade Union Membership August 2007*, Cat. 6310.0, released 14 April 2008, at Table 18 at p.52.

<sup>31</sup> *Ibid* at p.53.

<sup>32</sup> In August 2007, mean weekly earnings for *full-time* casual female employees were \$690 per week, relative to \$860 for full-time permanent female employees (median figures were \$755 and \$991 respectively). Mean weekly earnings for casual *part-time* female employees were \$235 per week, relative to \$491 per week for permanent part-time female employees (median figures were \$284 and 534 respectively). (Australian Bureau of Statistics, *Employee Earnings, Benefits and Trade Union Membership August 2007*, Cat. 6310.0, released 14 April 2008, at Table 16 at p.46.)

<sup>33</sup> Australian Bureau of Statistics, *Australian Labour Market Statistics April 2008*, Cat. 6105, released 4 April 2008, at Table 2.4 (p.29).

<sup>34</sup> *Ibid* at Table 2.4 (p.29) and 2.2 (p.26).

<sup>35</sup> Australian Bureau of Statistics, *Employee Earnings, Benefits and Trade Union Membership August 2007*, Cat. 6310.0, released 14 April 2008, at p.4.

<sup>36</sup> See Australian Fair Pay Commission, *Wage-Setting Decision and Reasons for Decision*, October 2006 at p.87 (citing source as unpublished ABS Employee Earnings and Hours data) and Patricia Hewitson, *Between Rocky Employment and Hard Welfare: Single Parents, 'Welfare-to-Work' and 'WorkChoices'*, Paper presented at Centre of Full Employment and Equity (CofFEE) Conference, University of Newcastle, 7-8 December 2006, at p.5. Being award-reliant means that employees “are paid no more than the minimum rates of pay fixed by law” and “do not have the capacity to bargain for higher rates” (Brian

- High reliance on part-time and casual employees – in February 2008, part-time employees made up 46% of retail employees (this figure was 28% across all industries).<sup>37</sup> Casual employees made up 43% of retail employees, while across the entire workforce this figure was 26%.<sup>38</sup> Among the occupation of sales workers, 49% of employees were casual.<sup>39</sup>

95. Existing paid maternity leave provisions already offered by some employers on a voluntary basis demonstrate the feasibility of applying paid maternity leave to part-time and casual employees.

96. It would defeat key objectives of a paid maternity leave scheme if part-time and casual employees were excluded from its operation. This underlies our recommendation that part-time and casual employees be included in the scope of any new PPL scheme.

## **X TOR 2(f): Government Policies that would help Provision and Take-up of Models**

97. ACCER and CSSA have no comment to make on this point at this time.

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Lawrence, "The Role and Procedures of the Australian Fair Pay Commission", Presented to Industrial Bar Association, The Victorian Bar, 7 August 2006).

<sup>37</sup> Australian Bureau of Statistics, *Australian Labour Market Statistics April 2008*, Cat. 6105, released 4 April 2008, at Table 2.4 at p.29.

<sup>38</sup> If entitlement to paid holiday leave is used as a proxy for permanent employment status (Australian Bureau of Statistics, *Employee Earnings, Benefits and Trade Union Membership August 2007*, Cat. 6310.0, released 14 April 2008, at Table 17 at p.50).

<sup>39</sup> *Ibid.*

## Attachment A Information about ACCER and CSSA

### ACCER

The **Australian Catholic Council for Employment Relations** (ACCER) is an organisation established by the Australian Catholic Bishops' Conference and supported by Catholic Religious Australia. As part of its mandate, the ACCER provides the Conference and Catholic Church organisations with:

- the promotion of the life and mission of the Catholic Church in Australia in the area of work and the employment relationship;
- development of national policies and guidelines that relate to work and the employment relationship; and
- public and private advocacy in support of work and the employment relationship, in accordance with Conference policy, and in co-operation with the Bishops Commission for Administration and Information.

The Catholic Church in Australia is a major employer engaged in Diocesan and Parish administration, pastoral care, health and aged care, education and the provision of community services.

Catholic Social Teaching is a set of teachings and principles based on Christian values that aim to bring about a good and just society. With respect to this submission, the Church places great importance on the interaction between the family and society. It is stated:

*“The family has a right to assistance by society in the bearing and rearing of children.”<sup>40</sup>*

*“Families have the right to be able to rely on an adequate family policy on the part of public authorities in the juridical, economic, social and fiscal domains, without any discrimination whatsoever.”<sup>41</sup>*

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<sup>40</sup> The Holy See, *Charter of the Rights of the Family*, Rome, October 1983.

<sup>41</sup> *Ibid.*, Article 9.

## **CSSA**

**Catholic Social Services Australia** (CSSA) represents 64 member organisations, and is the Catholic Church's peak national body for social services. It advises the Australian Catholic Bishops Conference on social policy issues as well as supporting the delivery of a wide range of social service programs.

For 50 years, Catholic Social Services Australia has assisted and promoted better social policy for the most disadvantaged people in Australian society. This continues a much longer tradition of such engagement by the Catholic Church in Australia.

Catholic Social Services Australia has the mission of promoting a fairer, more inclusive society that gives preference to helping people most in need. It is committed to an Australian society that reflects and supports the dignity, equality and participation of all people. To this end, Catholic Social Services Australia works with Catholic organisations, governments, other churches and all people of goodwill to develop social welfare policies and other strategic responses that work towards the economic, social and spiritual well-being of the Australian community.

Our 64 members employ over 6,500 people and provide 500 different services to over a million people each year from sites in metropolitan, regional and rural Australia. Services provided by our members encompass aged care, community care, disability services, drug and alcohol services, employment and vocational programs (including Job Network, Disability Open Employment and Personal Support Program), family relationship services, housing, mental health, residential care and youth programs.

## Attachment B Summary of ACCER/CSSA Submissions to AFPC

- ACCER's submission to the 2008 review of minimum wage rates by the Australian Fair Pay Commission ("AFPC") canvasses a number of issues that are relevant to the AFPC's statutory obligation to have regard to the provision of a safety net for low paid workers. A wages safety net provides incomes that are sufficient to meet the basic needs of workers and their dependants, having regard to general living standards in the community. A wages safety net has to take into account the tax paid by workers and Government transfers paid to them and to their families.
- A fair safety net wage is a wage which, together with transfer payments to the worker and his or her dependants, provides a standard of living which, to use the terms used by the AFPC in its 2006 decision, is "well above poverty" and is capable of enabling the family to "rely solely on a single wage".
- ACCER has concerns about aspects of the AFPC's approach to the quantification of a wages safety net in its decisions in 2006 and 2007 and asks it to reconsider those aspects. Its main concerns are the overestimation of transfer payments made to single breadwinner families and the underestimation of the cost of living for these, and other, families. ACCER's submissions emphasize the position of families who are dependent on the Federal Minimum Wage ("FMW").
- ACCER's submissions concentrate on the following reality: a single breadwinner FMW-dependent family, where the second parent stays at home to care for two school-aged children, has a disposable income of \$754.75 per week. A disposable income of \$754.75 does not provide an acceptable standard of living, does not provide a standard of living which is "well above poverty" and is incapable of enabling the family to "rely solely on a single wage". A worker cannot support a family and educate children on this income.
- The submissions argue that the decision by the AFPC in 2007 to *assume* that the second parent family in this family is in receipt of the Newstart allowance (an unemployment benefit, for which the second parent must be prepared to undertake paid employment) has had the effect of discriminating against families.
- The submissions also address the AFPC's use of the Henderson Poverty Line to estimate the needs and living standards of low paid workers and their families. Knowing what it



costs to live is vital to the proper exercise of the AFPC's obligation to have regard to the provision of a safety net for the low paid.

- ACCER submits that the Henderson Poverty Lines are outdated and are inappropriate as a guide for the setting of a safety net wage. ACCER again calls for the AFPC to undertake research into the living costs of low paid workers and their families and to consult with relevant parties about the form of that research. It proposes that this be done in consultation with the Australian Industrial Relations Commission and State industrial tribunals.
- Low paid workers who are dependent upon the wage rates set by the AFPC should share in Australia's economic prosperity, but can only do so if the AFPC allows them to do so. ACCER is concerned that the vast majority of them have had a real wage reduction under the current wages system, especially because this has occurred at a time of strong economic growth when the benefits of economic growth should have been shared with them. The submission refers to past and proposed changes to income tax cuts and argues that there is no proper basis upon which those tax cuts could be taken away from them by a decision of the AFPC to discount wage increases.
- ACCER submits that the real value of the FMW should be increased in 2008 in recognition of the financial burdens of single income families who depend on it. ACCER argues that the increase should have two components: a component based on the published price movements since the AFPC's 2007 decision and a component that recognises the need for an increase in the real value of the FMW. It submits that the second component should be the same as the rounded margin that the minimum wage rate in New South Wales currently has over the Federal Minimum Wage, ie. \$9.30. In regard to wage rates other than the FMW, ACCER submits that a percentage increase should be awarded and that it be not less than, the published price movements since the AFPC's 2007 Decision.

The ACCER full submission to the AFPC can be accessed via the following link

<http://www.accer.asn.au/docs/tribunal/index.html>