

PAID PARENTAL LEAVE: SUPPORT FOR PARENTS WITH NEWBORN CHILDREN

PRODUCTIVITY COMMISSION INQUIRY REPORT

The Union of Australian Women –Victoria - (UAW) has considered the Productivity Commission's Draft Report on Paid Parental Leave for parents with newborn children. We have noted its major recommendations are that all mothers in the paid work force should be given 18 weeks paid maternity leave with partners (including same sex partners) getting 2 weeks paid parental leave. All the leave should be paid by the Federal Government at the rate of the basic wage - \$544 a week.

We support the inclusion of same sex partners as it is time to end all forms of discrimination against gay and lesbian parents. We also agree with the recommendation that paid parental leave is to replace the Baby Bonus except for mothers who were not in the paid work force before the birth. The Productivity Commission's recommendation that employer superannuation contributions continue is important as it is in the long term economic interests of Australian parents. This is particularly so for women who currently in retirement have far less superannuation than men primarily because of time out of the work force due to child rearing.

The UAW supports the Productivity Commission's recommendation that paid parental leave should be tax-payer funded at the level of the adult minimum wage and hopes that over time employers would pay the difference between the adult minimum wage and the parent's wage. For those workers currently receiving paid parental leave, it would be hoped that employers would top up payments from the statutory scheme to full replacement wages. Whilst the recommendation is that paid maternity leave should be funded by taxation it is important - as pointed out in the report - that these payments are not regarded as welfare payments but seen - by society and employers - as the same as any other payments for leave from work.

In relation to the key question of the length of leave, we believe that compared to other OECD countries, the scheme proposed by the Productivity Commission will have minimum cost impact on both the Federal Government and employers. Because the length of leave isn't overly generous it is not surprising that the ACTU, the Federal Sex Discrimination Commissioner and others hope that the scheme recommended by the Productivity Commission will be improved over time. Given that after reviewing the evidence, the Commission recommended that there was a case for 6 months parent-exclusive care for babies, it is surprising that the final recommendation is for a scheme that lasts only 18 weeks. We are hopeful that in the reviews after implementation, the length of paid parental leave for Australian workers will be increased to OECD best practice.

We have also noted that Prime Minister Rudd has pledged his support for a paid parental leave scheme. Government implementation of the Productivity Commission proposal would end the shameful situation that puts Australia, along with the US, as the only OECD nations without a system of universal paid maternity leave. Our members were therefore disturbed at recent media reports suggesting that the Government is considering delaying implementation of paid maternity leave because of the current world financial crisis. We were extremely disappointed by these comments as we believed that the

recommendations of the Productivity Commission's Report would have been introduced in next year's budget as a matter of priority.

Current practice in Australia in relation to parental leave is extremely unfair as about half of all women do not have access to any paid parental leave and these women are in the less well paid more insecure occupations often working as casual workers. We were therefore pleased to read the Commission's recommendation that all "employees with a reasonable degree of attachment to the labor force would be eligible" including casual employees, the self-employed and contractors.

We agree with the key points in the Productivity Commission's draft report that their recommended scheme will enable:

- better child and maternal welfare,
- greater workplace participation by women,
- employers to retain workers and lead to savings in recruitment and training,
- and
- improve work family balance and gender equity.

Thus all Australians will benefit from the implementation of paid maternity leave.

It is inevitable that there will be a paid maternity leave scheme in Australia. The current Government has indicated its commitment to such a scheme. The question therefore is one of timing of implementation. We believe that the recommendations in the Productivity Commission's Draft Report have shown how this scheme can be implemented now with minimal cost to the Australian Government and to employers.

It is time that Australian society recognized and supported the fact that in the 21st century, women are both parents and participants in the paid work force. Paid maternity leave would be an important step forward in women's full participation in work and therefore in society.

The UAW hopes that public debate will support this critical reform and following from that, support its immediate implementation. We believe that the recommendations of the Productivity Commission's Draft Report should be implemented in the 2009 Federal budget.

We commend the Commission for its report and recommendations on this important issue for Australian women.

Carmen Green
Secretary
Union of Australian Women – Victoria.

13 November 2008