

Workplace Relations (Guaranteeing Paid Maternity Leave) Amendment Bill 2007

Second Reading Speech Senator Stott Despoja

The Workplace Relations (Guaranteeing Paid Maternity Leave) Amendment Bill 2007 marks an important and essential reform to the existing Workplace Relations Act 1996, by introducing a system of paid maternity leave for Australian working women.

This is not the first time I have called on the Parliament to support the introduction of a 14-week government-funded paid maternity leave scheme. I am proud that as Leader of the Democrats, I introduced to Parliament a fully-costed paid maternity leave proposal for Australian working women in 2002. We have been at the forefront of calls for a government-funded system of paid maternity leave (PML) and I am proud to introduce today legislation that would help address the systemic discrimination and disadvantage women in the workforce are faced with on a daily basis, and help protect working women from economic hardship as a result of the birth of a child.

From Finland to Portugal, Luxemburg to Mexico, and Iceland to the Slovak Republic, PML is provided to all women yet, despite continuous calls for the implementation of a PML scheme that is in line with the ILO Convention of 14 weeks paid leave, Australian working women remain one of only 2 OECD countries without a comprehensive paid maternity leave system.

Without a minimum national standard for PML across the board, Australian women have been left with no other option than to bargain for paid leave entitlements at the workplace level – and are at the mercy of whether their workplaces provide paid maternity leave.

Research conducted by the *Work and Family Roundtable* in July 2007, proves just how far behind Australia is compared to other OECD nations, when it comes to basic

workplace entitlements. Countries such as New Zealand and the UK are steaming ahead, with a PML system where taxpayers, through government payments, provide a basic period of paid leave that also allows for employer top-ups.

Legislative action in this area is long overdue, with many Australian working mothers forced to ‘pay’ for their maternity leave through the use of their personal holidays, long service and sick leave.

Paid maternity leave has been a long standing Democrat policy, with our members formally balloting in favour of the policy almost two decades ago (1989). After introducing my Private Senator’s Bill in 2002, a Senate inquiry was held into the feasibility of introducing such a scheme in Australia, and the inquiry produced a number of positive recommendations.

These recommendations to strengthen the overall content have been taken into account in the reworking of this Bill, along with the recent changes to the *Workplace Relations Act 1996*. Since this time, I have also held many discussions with individuals, unions, women’s organisations, business and industry groups, and the broader community, and I thank the many Australians who have taken the time to put their views to me on this important issue.

What the Bill does:

This Bill amends the *Workplace Relations Act 1996* and builds upon the existing provisions for unpaid parental leave, to provide for a system of paid maternity leave that will assist all eligible Australian working women to take time off from their employment upon the birth of a child.

The Bill provides for 14 weeks paid leave at or around the birth or adoption of a child for all eligible Australian working women, at the level of the minimum wage, or if they earn less than this (eg. part-time or casual workers), at their average wage, with a guaranteed income and a right to return to work at the end of it. This contrasts with the limited one-off payment to cover some of the expenses of having or adopting a baby, provided by the Baby Bonus.

Essentially, this Bill provides paid leave for mothers in recognition of the physical demands of the latter stages of pregnancy, birth, recovery from birth and establishment, where possible, of breast feeding. In recognition of these physical facts affecting mothers, this payment is not intended to be transferable between the mother and her spouse except in exceptional circumstances. In this way, paid maternity leave is different from parental leave, to which both parents have access.

This Bill also provides for an inquiry into the possibility of extending paid maternity leave to self-employed and farming women. The inquiry would investigate the overall cost of the extension, but would also recognise the importance of self-employed/farming women in the workforce.

The final aspect of the Bill requires the mandatory review of the operation of paid maternity leave, three years after its commencement. This would provide an opportunity to consider the level of payment as well as the period of leave.

Cost to the Federal Government

Our costings indicate the proposal contained in this Bill would cost in the vicinity of \$591.6 million in the first year of operation, not including offsets from Family Tax Benefit A and B and childcare. This assumes that the payment is taxable and that women who receive this new payment will remain eligible for the existing Baby Bonus and Maternity Immunisation Allowance (with estimated costs to the government of \$1.3 billion and the Maternity Immunisation Allowance of \$59.3 million in 2007-08¹).

As this payment is considered taxable income, some families would have their Family Tax Benefit payments reduced for this period leading to savings to the government. Furthermore it is also possible that there could be some savings to government from a

¹ Budget Estimate for 2007-08 from the Australian Government, *Portfolio Budget Statements 2007-08: Families, Community Services and Indigenous Affairs Portfolio*, p. 53.

reduction in Child Care Benefits and the Child Care Tax Rebate paid to families if they reduce their use of formal child care due to this scheme.

HREOC costed a similar model of PML in *A Time To Value* (which essentially mirrored my original 2002 bill and our costings) at \$219 million for last financial year, including the Family Tax Benefit and childcare costs offsets, highlighting the savings to the government.

As mentioned earlier, while our costings do not include the subsequent savings to the government after offsets to the Family Tax Benefit or Childcare, HREOC's costings emphasise the potential savings that would be achieved under this Bill.

The Explanatory Memorandum sets out the basis of the calculation for my Bill.

Support for PML

Community attitudes now run well ahead of the legislature, which is why it is time for Parliamentary action on this issue.

Support for PML in the workplace has increasingly gained momentum since I first released a fully costed proposal in 2001. In March this year, Acting Sex Discrimination Commissioner, John Von Doussa, reignited calls for immediate action to introduce a 14-week government-funded paid maternity leave scheme.²

A recent Newspoll survey, commissioned by the National Foundation for Australian Women, also showed paid maternity leave remains on top of the agenda for many Australians, not just for working women, but for their families, who are finding it increasingly difficult to balance work and family life.³

These results also suggested that a significant 78% of respondents would prefer the financial responsibility for paid maternity leave to be shared jointly by employers,

² 'Punished for not having children' *The Age* 14/05/07

³ 'Paid Maternity Leave Study' Newspoll June 2007

workers and the Federal Government, (above other financing options for the introduction of a paid maternity leave scheme).

A 2007 study, *Australian Social Trends*, highlighted one in five women are leaving the workforce after having a child because of inadequate or non-existent paid maternity leave. The survey also showed that 57 per cent of women did not use paid maternity leave because it was "not available or offered by the employer".

Benefits of PML

The Australian economy needs increased workforce productivity to continue to flourish and introducing family-friendly workplace entitlements would assist in this area. We need to increase our OECD standing and challenge other countries in the areas of economic and social development yet, we continue to ignore the importance of fundamental workplace rights such as paid maternity leave. The low workforce participation rate of Australian women in the childbearing age group, (72.4%) is the 8th lowest in the OECD, (trailing well behind Sweden at 86.4%), highlighting the need for a suite of reforms to the Government's work and family policies to encourage and embrace women's labour force participation.

According to the Equal Opportunity for Women in the Workplace Agency, provisions for paid maternity leave should be seen as a financial edge for businesses not a burden, with those currently offering it experiencing a 19% higher return rate from maternity leave than those businesses which do not offer it.⁴

While there has been concern in some areas of business about the potential costs of paid maternity leave, this Bill does not propose an employer-funded scheme of paid maternity leave, recognising the burden it would place on small businesses.

Furthermore, paid maternity leave is comparatively inexpensive: costing considerably less than the \$1.2 billion that was spent on the Baby Bonus in the last financial year alone. The Baby Bonus is a scheme that although it does provide a reasonable

⁴ 'Leading the way: EOWA Employers of Choice for Women' Equal Opportunity for Women in the Workplace Agency 23 May 2007

payment to mothers on the birth of a child, fails to recognise the importance of women's labour force participation – something that paid maternity leave recognises.

A paid maternity leave scheme allows women to maintain their attachment to the labour force and also promotes retention of the skills and knowledge that they bring to the workforce.

A recent study released by the *Association of Professional Engineers, Scientists and Managers Australia*, found that the rate of childlessness was significantly higher amongst professional women. The report highlighted that almost 60 percent of women believed taking maternity leave would be detrimental to their careers.

In recognising the importance of women's attachment to the labour force, and allowing for the continuation of superannuation payments throughout the period of leave, a paid maternity leave scheme relieves the pressure experienced by women to minimise time taken after the birth, or adoption of a child.

Whereas the Baby Bonus denies access to parents if they adopt a child more than two years old, the paid maternity leave provisions recognise adoptive parents, with no age restrictions associated with the child.

Paid maternity leave as a workplace entitlement would help address women's disadvantage and inequality in the workforce as much by the legitimacy it gives working mothers, as by the financial incentive it offers.

It is obvious that it is long overdue for the government to legislate on this important issue, and to prevent any further discrimination against mothers in the workforce.

Yet, the Workplace Relations Minister, Joe Hockey, continues to assert that there is no need to legislate on paid maternity leave, due to the so-called increased accessibility to paid maternity leave at an individual workplace level.

As the Director of the Centre for Work + Life at the University of South Australia, Professor Barbara Pocock, has pointed out, figures suggesting a rise in the number of

women able to access paid maternity leave are deceptive because the total number of female employees with access to such leave included women of all ages and reflected the highest potential number rather than the level of access that could be expected in reality.

While access to paid maternity leave is obviously higher for women in the public sector, the purpose of this legislation is to extend a system of government-funded paid leave to working women in the private sector, that currently have limited access to any such benefit.

Paid Maternity Leave – It's time to deliver

I am proud of the role the Australian Democrats have played in pursuing paid maternity leave as a workplace right, and highlighting the failure of successive governments to strengthen and increase women's workforce participation.

These very deficiencies in our Government work and family policies show that there is much more to be done by the major parties to bring Australia finally into line with its OECD counterparts.

The major parties have stalled long enough on this issue. We do not need any more dialogue or deferral strategies, costings or options: Australia has spoken, and the right to paid maternity leave is what they want.

It's time to deliver – and get things right for Australia's working women and their families.

I commend this Bill to the Senate.