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3 March 2017

Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Senate Standing Committee

Re: Social Services Legislation Amendment (Omnibus Savings and Child Care Reform) Bill 2017

On 15 December 2016 the Australian Services Union provided a submission (Attachment 1) to the Senate Standing Committee on Community Affairs inquiry into the *Fairer Paid Parental Leave Bill 2016*. We also attended a public hearing on 1 February 2017 in Melbourne to represent our arguments more fully on behalf of our members.

We do not intend to repeat our submissions to the previous inquiry in detail. However, we do wish to reiterate several important issues of concern as we are bitterly disappointed that the paid parental leave scheme, which has proven to be so successful, is currently under attack again in the Omnibus Bill.

For the vast majority of women, the proposed cuts to paid parental leave (PPL), will mean being forced back to work sooner than otherwise planned, increasing both mother and baby stress levels, affecting the health and development of the child, decreasing the chance of continuous breastfeeding and adding an increased cost to families and the government by forcing more families to find child care sooner.

Paid parental leave is recognised globally as providing significant benefits to not only parents and babies but to society at large which often has to pay for health costs and other consequences of poorer outcomes for children and parents.¹

The majority of employers in our sectors have recognised the value and importance of employer funded PPL which has been achieved over the years through enterprise bargaining. Our members are concerned about the impact the Bill will have for new parents who will face hard choices and could see them spend less time with their babies during those critical early months.

The proposed Omnibus Bill will hurt all parents who have traded off wage rises and other conditions of employment in exchange for better paid parental leave as employer contributions will now be deducted instead of added to the government's contribution.

Despite the Government's "new" proposal to cap paid parental leave at 20 weeks rather than at 18 weeks, low paid workers will still lose thousands of dollars if the changes are implemented. For example, see Attachment 2 to this submission for some analysis on the impact of these changes on airline workers.

¹ Productivity Commission's Final Inquiry Report Paid Parental Leave: Support for Parents with Newborn Children [online] Accessed at: <http://www.pc.gov.au/inquiries/completed/parental-support/report/parental-support.pdf>

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Furthermore the ASU and its members in no way support a Bill that pits battling Australians against one another and will hurt new parents, students, pensioners, people with disability and young families.

The ASU opposes the government's attempt to link the Omnibus Savings Bill's passage and the resultant welfare cuts to NDIS funding.

We note the Senate Standing Committee on Community Affairs was due to deliver its report on 15 February 2017 in regards to the *Fairer Paid Parental Leave Bill 2016*. Due to the Omnibus Bill the Committee now intends to provide their analysis of the concerns raised and the evidence received to the Omnibus inquiry. It is disappointing the government did not wait for the final report to be released to examine Committee evidence and key recommendations prior to introducing this new Bill.

On a final note, the ASU is aware that the Australian Council of Trade Unions is making a submission to this inquiry. We fully support that submission and its content.

Yours faithfully

David Smith
NATIONAL SECRETARY



A•S•U
Australian Services Union

ASU Submission

Inquiry into the Fairer Paid Parental Leave Bill 2016

The Senate
Community Affairs Legislation Committee

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1. Introduction

The Australian Services Union (ASU) is one of Australia's largest unions, representing approximately 135,000 members.

The ASU was created in 1993. It brought together three large unions – the Federated Clerks Union, the Municipal Officers Association and the Municipal Employees Union, as well as a number of smaller organisations representing social welfare workers, information technology workers and transport employees.

Currently ASU members work in a wide variety of industries and occupations because the Union's rules traditionally and primarily cover workers in the following industries and occupations:

- Social and community services
- Local government
- State government
- Transport, including passenger air and rail transport, road, rail and air freight transport
- Clerical and administrative employees in commerce and industry generally
- Call centres
- Electricity generation, transmission and distribution
- Water industry
- Higher education (Queensland and South Australia)

The ASU has members in every State and Territory of Australia, as well as in most regional centres.

2. The Inquiry

The ASU provides this submission to the Senate Community Affairs Legislation Committee inquiry into the *Fairer Paid Parental Leave Amendment Bill 2016*.

As the Committee is no doubt aware, universal paid parental leave has been fought for by the union movement, the community and women's groups over the past 30 years. This fight culminated in Australia's first ever national paid parental leave (PPL) scheme being introduced on 1 January 2011.

We are bitterly disappointed that a scheme that has proven to be so successful is currently under attack, with the consequences of the Bill being profound and long lasting. For the vast majority of women it will mean being forced back to work sooner than otherwise planned, increasing both mother and baby stress levels, affecting the health and development of the child, decreasing the chance of continuous breastfeeding and adding an increased cost to families and the government by forcing more families to find child care sooner.

The current Bill is purely and simply a savings exercise. It runs completely contrary to the advice of national and international bodies with expertise in child development and undermines the objectives of the Act¹. The purpose of the original Act was to *complement* and *supplement* existing entitlements. To describe it in terms of 'double dipping' or welfare cheating is extraordinary. Australian women are effectively being asked to go backwards.

The *Fairer Paid Parental Leave Bill 2016* will have a significant impact on tens of thousands of new parents, particularly new mothers when they are on parental leave². The planned cuts are at the expense of the health and wellbeing of parents and their newborn babies and are not supported by the Australian Services Union. We call on the Senate Committee Inquiry to reject the *Fairer Paid Parental Leave Amendment Bill 2016*.

¹ National Foundation for Australian Women submission to the Senate Standing Committee on Community Affairs inquiry into the Fairer Paid Parental Leave Amendment Bill 2015 [online] Accessed at: www.nfaw.org/wp.../06/Submission-on-Fairer-Paid-Parental-Leave-Bill-2015.docx

² Australian Government Report 'Fairer Paid Parental Leave Bill 2015' [online] Accessed at: http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/Fairer_Parental_Leave/Report

3. Summary of ASU recommendations

The ASU makes the following recommendations to the inquiry:

1. The Committee should reject the *Fairer Paid Parental Leave Amendment Bill 2016*.
2. The current government funded 18 weeks paid parental leave should be increased to 26 weeks.
3. It should be legislated that superannuation guarantee payments are to be paid on periods of paid parental leave.

4. ASU issues of concern

The ASU's primary concerns with the Bill are as follows:

- Impacts on health and wellbeing
- Enterprise agreements negotiated in good faith
- Stated savings will not be realised
- Receiving both forms of paid parental leave is not double dipping
- Worsening the gender pay gap and gender equality
- Grounds for extending paid parental leave
- Superannuation guarantee should be paid on periods of paid parental leave
- Why the *Fairer Paid Parental Leave Amendment Bill* is unworkable

4.1 Impacts on health and wellbeing

Paid parental leave (PPL) is recognised globally as providing significant benefits to not only parents and babies but to society at large which often has to pay for health costs and other consequences of poorer outcomes for children and parents.³

An early return to work negatively impacts women and their babies with poorer physical health and wellbeing, feelings of stress, reduced breastfeeding time and poorer mental health. PPL allows for adequate recovery time and alleviates the financial pressures of taking time out of the workplace.

The majority of employers in our sector have recognised the value and importance of employer funded PPL which has been achieved over the years through enterprise bargaining. Our members are concerned about the impact the Bill will have for new parents who will face hard choices and could see them spend less time with their babies during those critical early months.

Our members have told us if the government's paid parental scheme is reduced it will definitely affect their decision to start a family and would mean many would have to return to work sooner than they want to. When asked if the government's PPL scheme was reduced how it would affect our members decision to start a family they told us*:

- As a same-sex couple, we went through the costly IVF route to have a family. Having our first child cost roughly \$30K. As only one of us received employee paid parental leave, we are limited with choices in terms of deciding when and if we can have a second child (financially). The proposed change will impact us dramatically. **Nicole, Victoria**
- I would have needed to return to work sooner, use long day care for my child at a younger age, breastfeed for a shorter time and be more worried about money as having two children in paid childcare makes it financially almost not worth working. **Elise, South Australia**
- I would have to return to work sooner than I would want to. This would be extremely difficult as finding childcare is hard and expensive. It also impacts on whether I can continue breastfeeding. **Claire, Victoria**

³ Productivity Commission's Final Inquiry Report Paid Parental Leave: Support for Parents with Newborn Children [online] Accessed at: <http://www.pc.gov.au/inquiries/completed/parental-support/report/parental-support.pdf>

- This world is hard to get by on and live a sustainable, healthy, comfortable and happy lifestyle. I pay taxes in my jobs and abide by the rules. It would intensely affect my decision to have kids AT ALL because I don't want to bring my children up in a household where we have to scrimp and eat bad food and live a stressed out life where I work all the time and never see them. A newborns life is so precious and women and men feel so obligated to go back to work straight away just to SURVIVE. Which is sad, it is the most crucial time of development and bonding. **Ann-Marie, Queensland**
- I would have to return to work again after 6months or less as financially we couldn't do it. I was hoping for at least 9months second time around as with my first child I had to return after 6 months. **Melanie, Western Australia**
- We would definitely wait longer. I would attempt to build up a large buffer of Annual leave again. Failing that we would have to look at either myself or my husband leaving work. **Katie, Western Australia**
- A depressing start to life. Australian's are encouraged to work or study to progress through life, what is the point of trying to start a family that you may have had to wait later in life to do as living expenses in Australia, house prices and the unfair work wage between women and men make it unmanageable to enjoy staying home as a mother and I had to focus on my career first. There are no more nuclear families so why treat us as if every family can survive on one wage. It almost was a deterrent to have children as I will have to return to work almost immediately as we won't survive. How does the government think it's double dipping my employer signed a contract with my union to include paid leave, on conditions that I work extra time during the week and not take a higher rate. Don't reduce it marriages will break down due to the financial strain. **Tracey, Western Australia**
- I am currently 34 weeks pregnant, this recommended change has place increased my levels of stress throughout my pregnancy. When I heard of the proposed changes I cried coz of the financial struggle we will experience and the possibility of me missing out on all important milestones with my unborn baby because I would need to return to work. This is my first pregnancy. My income is the primary income in our family home. We are currently renting and pay a personal loan as well as have other experiences. If my entitlement to paid parental leave is taken away we won't be able to survive financially solely off my husband's income. I will need to return to work and will miss out on all these milestones. **Taryn, Victoria**
- We have one child already, but if the government paid leave scheme was reduced we would need to wait longer to have a second child to make sure we had saved enough to see us through that time. **Sarina, Western Australia**
- I would not be able to afford to stay home with my child more than 12 weeks and would need to find care for a newborn. **Monica, New South Wales**
- I will not be able to afford to have a second child, if there is no government PPL assistance in addition to my employments benefits. **Linda, Western Australia**
- I would either find a job closer to my house and return to work sooner (forced back to work likely for lower pay - there goes the university degrees and decades of experience because I couldn't handle the 4 hour daily commute at that short stage of recovery) or, more likely, quit the job and leave the industry entirely! **Pip, Victoria**

** Names have been changed to protect members identity*

4.2 Enterprise Agreements negotiated in good faith

The proposed Bill will hurt all parents who have traded off wage rises and other conditions of employment in exchange for better paid parental leave as employer contributions will now be deducted instead of added to the government's contribution.

Over many years ASU members have negotiated in good-faith with their employers on the assumption the current PPL scheme would continue for the life of their agreement. Just this year our members have made concessions at both Qantas and Mission Australia to improve their PPL entitlements. The proposed Bill represents an effective acquisition of these privately bargained benefits.

Mission Australia EBA 2016-2019

Natalie works in Community Services at Mission Australia. She is at level 3.4 (after 4 years of service) and has a base rate of pay of \$59,503 a year. She is entitled to 12 weeks paid parental leave at her base rate under the new Mission Australia Agreement.

In enterprise bargaining in 2016 Mission Australia employees agreed to drop claims such as better job security, better redeployment rights, increased redundancy pay and limiting the use of temporary contracts. In return, they got improvements in the conditions in the agreement, including increasing the amount of paid parental leave in their agreement from 9 weeks to 11 weeks after one year of service.

Currently, if Natalie had a baby and was the primary carer, she would be paid 12 weeks' by Mission Australia, and an additional 18 weeks' pay at the National Minimum Wage by the Federal Government.

Under the Liberal's new proposal, Natalie would only be entitled to 6 weeks' pay at the National Minimum Wage from the Federal Government, on top of the 12 weeks' pay at her ordinary wages from Mission Australia.

Natalie's paid parental leave now		Natalie's paid parental leave under Liberal proposal	
Mission Australia paid parental leave – 12 weeks' pay at usual wage	\$13,731	Mission Australia paid parental leave – 12 weeks' pay at usual wage	\$13,731
Government paid parental leave – 18 weeks' pay at National Minimum Wage	\$12,109	Government paid parental leave – 6 weeks' pay at National Minimum Wage	\$4036
Total	\$25,840	Total	\$17,767

Natalie will be \$8,073 worse off under the Liberal proposal.

Qantas ASU EBA 11

Susie works at Check-In for Qantas. She is at level 3.4 (after 4 years of service) and has a base rate of pay of \$50,955 a year. She is entitled to 14 weeks paid parental leave at her base rate under the new Qantas Enterprise Agreement.

In enterprise bargaining in 2002 Qantas employees agreed to a 12 month wage freeze. In return, they got improvements in the conditions in the agreement, including paid parental leave in their agreement for the first time. More recently, Qantas employees have just agreed to an 18 month wage freeze, and in return got improvements in the conditions in their enterprise agreement – including an additional 2 weeks paid parental leave (now a total of 14 weeks of paid parental).

Currently, if Susie had a baby and was the primary carer, she would be paid 14 weeks' by Qantas, and an additional 18 weeks' pay at the National Minimum Wage by the Federal Government.

Under the Liberal's new proposal, Susie would only be entitled to 4 weeks' pay at the National Minimum Wage from the Federal Government, on top of the 14 weeks' pay at her ordinary wages from Qantas.

Susie's paid parental leave now		Susie's paid parental leave under Liberal proposal	
Qantas paid parental leave – 14 weeks' pay at usual wage	\$13,719	Qantas paid parental leave – 14 weeks' pay at usual wage	\$13,719
Government paid parental leave – 18 weeks' pay at National Minimum Wage	\$12,109	Government paid parental leave – 4 weeks' pay at National Minimum Wage	\$2,691
Total	\$25,827	Total	\$16,410

Susie will be \$9,417 worse off under the Liberal proposal.

Natalie, Susie and their colleagues traded wage increases and conditions over time to get paid parental leave. There is always a deal done to get paid parental leave in an enterprise agreement – employees shouldn't be further disadvantaged for having done those deals.

Currently the ASU has 420 enterprise agreements that contain paid parental leave as a condition of employment. In the private sector we have successfully bargained for PPL in 245 enterprise agreements, and in the public sector we have 175 agreements.

Upon analysis the ASU has enterprise agreements that range from 2 weeks PPL to 26 weeks PPL. The amount of 14 weeks PPL is the most common with 125 enterprise agreements that contain this amount, with 68 enterprise agreements containing 12 weeks PPL as the next highest figure.

PPL Weeks	Number of Agreements for each PPL week	Total number of employees covered by PPL weeks*
26	4	23,658
20	1	970
18	20	16,878
17	3	2,483
16	17	13,114
15	15	6,088
14	125	59,842
13	9	17,284
12	68	25,307
10	16	11,149
9	9	8,286
8	23	4,708
7	1	55
6	35	10,355
5	7	944
4	23	6,392
3	2	558
2	3	419
Varies	40	19,721

* NB: Not all employees would necessarily be covered by the PPL provision

When combined with government funded PPL many ASU members are able to meet the 26 weeks paid leave that is recommended by maternal and child health experts ensuring optimal health for both mother and child.

Should the Bill pass ASU members stand to lose out on significant amounts of money. A recent survey of members revealed many would miss out on the 18 weeks government funded PPL resulting in a reduction of \$12,109.

4.4 Savings will not be realised

The government's proposed Bill may result in short term fiscal gains, but overlooks the fact that well-functioning families provide long term economic and social benefits to the community.

A key goal of the current PPL scheme is to encourage women of a reproductive age to maintain a lifetime attachment to the workforce thereby boosting female participation, growing our GDP, providing a way for us to support the ageing workforce, and of course increasing women's economic prosperity⁴

⁴ Women's Agenda 'This is the paid parental leave scheme we need' [online] Accessed at: <http://www.womensagenda.com.au/talking-about/opinions/item/6928-the-paid-parental-leave-scheme-we-need>

The \$1.2 billion proposed saving is only a short term proposition with that figure unlikely to ever be realised. Especially when you consider the fact that an early return to work may see families using child care arrangements at an increased cost to families and also government.

A new national map based on data from the government's MyChild website tracking childcare fees reveals parents are paying \$165 a day on average in some Sydney suburbs and up to \$140 a day in Melbourne⁵. With fees expected to rise up to \$20 a day in some suburbs by 2018.

The amount of assistance provided by the Australian Government for child care through the child care rebate will no doubt increase under the proposed PPL changes as more families feel the financial pressure to return to work earlier.

PPL vs Child care costings

Jen works at Qantas Holidays. She is at level 3.1 (after 1 year of service) and has a base rate of pay of \$46,429 a year. She is entitled to 12 weeks paid parental leave at her base rate under the Qantas Holidays Enterprise Agreement.

Currently, if Jen had a baby and was the primary carer, she would be paid 12 weeks' by Qantas Holidays, and an additional 18 weeks' pay at the National Minimum Wage by the Federal Government. (i.e. 30 weeks paid leave in total)

Under the Liberal's new proposal, Jen would only be entitled to 6 weeks' pay at the National Minimum Wage from the Federal Government, on top of the 12 weeks' pay at her ordinary wages from Qantas (i.e. 18 weeks paid leave in total). Jen decides to put the baby into childcare after her 18 weeks of PPL at a cost of \$122 per day*.

Jen's paid parental leave now		Jen's paid parental leave under Liberal proposal and child care costings	
Qantas Holidays paid parental leave – 12 weeks' pay at usual wage	\$10,714	Qantas Holidays paid parental leave – 12 weeks' pay at usual wage	\$10,714
Government paid parental leave – 18 weeks' pay at National Minimum Wage	\$12,109	Government paid parental leave – 6 weeks' pay at National Minimum Wage	\$4,036
Total	\$22,823	Total	\$14,750
		Savings to Government	\$8073
		Cost to Government for Childcare at \$122 per day* (50% rebate) for 12 weeks	\$3660
		Savings to Government	\$4413
		If Jen has 2 children and has to put both in childcare at \$122 per day (50% rebate) for 12 weeks	\$7320
		Savings to Government	\$753

*Average child care payment based on top 15 Victorian postcodes⁶

**The following scenario does not take into account the potential for Jen to also receive Family Tax Benefit Part A and/or B

⁵ The Daily Telegraph 'Childcare fees: How much you pay, No relief in sight as map shows parents' [online] Accessed at: <http://www.dailytelegraph.com.au/news/childcare-fees-how-much-you-pay-no-relief-in-sight-as-map-shows-parents/news-story/59969da3d8c3bed85c068283350fdc6d>

⁶ The Daily Telegraph 'Childcare fees: How much you pay, No relief in sight as map shows parents' [online] Accessed at: <http://www.dailytelegraph.com.au/news/childcare-fees-how-much-you-pay-no-relief-in-sight-as-map-shows-parents/news-story/59969da3d8c3bed85c068283350fdc6d>

As demonstrated the Bill is unlikely to achieve significant budgetary savings. Rather than unfairly targeting new mothers with a minimal 'savings' measure, the government should look to other revenue changes.

4.5 Receiving both forms of paid parental leave is not double dipping

The statutory entitlement for a person taking parental leave is 52 weeks unpaid leave. Providing a parent with any amount of paid parental leave up to their full replacement wage for 52 weeks does nothing other than to put that employee back in the situation they would have been in if they had not taken the leave⁷.

To label parents as "double dipping" when they are merely seeking to obtain payments they are entitled to claim under the current system is highly misleading and deeply offensive. The fact that those payments may come via two separate complementary income streams does not give them the character of a double benefit.

As highlighted earlier the purpose of the original Act was to *complement* and *supplement* existing entitlements. Parents who have accessed both government funded PPL and employer PPL schemes are not double dipping, committing fraud or rorting. They are, in fact, using PPL as it was originally intended when the existing Government scheme was designed and implemented.

ASU members have relied on both government funded and employer funded PPL schemes to ensure they were able to stay at home with their baby for as long as possible as well as enjoying the financial freedom to do so. When asked why our members accessed both schemes they told us*:

- So I could stay at home with my baby as long as possible because the first year of life is very important. I couldn't afford to stay at home with no income. **Bridget, Victoria**
- Because both are available to me and financially our family needed both to enable me to stay home and care for our son in his early years of life. The two complementary schemes enabled me to breastfeed him and give him love and security. **Renee, Queensland**
- I accessed both schemes to get the most time with my newborn. 18 weeks was just nowhere near enough time to adapt to the changes in our life. **Kristine, Western Australia**
- Because 13 weeks of employer funded PPL is not enough. You need time to adjust to being a mum and learn to look after a baby. It would have been financially impossible for me to take unpaid leave for the balance of 12 months. **Joanne, Victoria**
- Because I wanted to have extra bonding time with my baby without being forced back to work due to not receiving an income. **Kate, Queensland**
- I accessed both schemes because I took my 14 weeks from my employer at half rate of pay over 28 weeks, so the government's 18 weeks took me up to almost full pay for 18 weeks. **Kylie, Queensland**
- So I could spend maximum time with my child before having to go back to work as we cannot survive on one wage. **Brunella, Western Australia**
- I was able to access both to continue to stay at home and care for my children and still contribute to the family income. **Verity, South Australia**
- Yes, it is available and I feel my baby needed me for the first year of his life (I opted for 32 weeks half pay through work and 18 weeks Government), it is not against the law and double dipping if it readily available! **Lucy, Western Australia**
- Financially to be able to care for my child longer before returning to work. **Lisa, New South Wales**
- I was able to access both to continue to stay at home and care for my children and still contribute to the family income. **Ting, South Australia**
- Because I took my 14 weeks from my employer at half rate of pay over 28 weeks, so the government's 18 weeks took me up to almost full pay for 18 weeks. **Brooke, Queensland**
- So I could spend maximum time with my child before having to go back to work as we cannot survive on one wage. **Suzanna, Western Australia**

* Names have been changed to protect members identity

⁷ Workplace Culture Matters 'Parental Leave – the truth about 'double dipping' [online] Accessed at: <http://workplaceculturematters.com.au/?p=438>

4.6 Worsening the gender pay gap and gender equality

Australia has a significant gender equality problem which is often most pronounced during the years' women are having babies and raising children. The impacts of childbearing and caring roles undertaken by women have marked impacts on female labour market involvement and contribute to the persistent pay gap in Australia, which currently sits at 17.7%.⁸

It has been estimated that a partnered mother will earn approximately half that of a partnered father⁹ with a number of factors contributing to these lifetime differences in earnings, for example women are overrepresented in part-time, casual, and precarious employment as well as often being paid less due to gender segregation of the workforce.

Research has shown that taking leave around childbirth can have a negative effect on a woman's wage growth, for example mothers who return to work after 12 months of parental leave suffer a 7% wage penalty during the first year back. This jumps to almost 12% the following year¹⁰.

In Australia approximately 84% of women return to work after parental leave on a part-time basis¹¹. This period is often during the time when their career potential and earning capacity is at its highest. Working part time means that women are likely to have reduced wages and superannuation contributions and as a result suffer a wage penalty.

Former Sex Discrimination Commissioner Elizabeth Broderick believes the gender pay gap will continue to widen if the Bill amendments to paid parental leave are passed by the Senate.¹²

"I think any move to pare back the support that you need at a time when you're welcoming a new baby into the family, or to pare back women's ability to come into paid work, will mean that we just reinforce some of the gender gaps that currently exist for women,".

Having a strong paid parental leave scheme is absolutely fundamental to women making progress in our nation."¹³

The current complementary government funded and employer funded PPL schemes directly contribute to increasing women's economic security by providing a guaranteed source of income at the time of birth. Far from being a waste of money, on many levels, PPL is a legitimate investment in Australian women.

4.7 Grounds for extending paid parental leave

In recommending 18 weeks of paid parental leave for the national scheme, the Productivity Commission recognised that this was not the optimum period for a mother to take leave from the workforce¹⁴.

"There is compelling evidence of health and welfare benefits for mothers and babies from a period of postnatal absence from work for the primary caregiver of around six months. There

⁸ WGEA 'Australia's gender equality scorecard for 2015-16' [online] Accessed at: <https://www.wgea.gov.au/sites/default/files/2015-16-gender-equality-scorecard.pdf>

⁹ WGEA 'Women's economic security in retirement perspective paper' [online] Accessed at: https://www.wgea.gov.au/sites/default/files/2014-03-04_PP_economicsecurity_0.pdf

¹⁰ Australian Council of Trade Unions 'The Gender Pay Gap Over the Life Cycle' [online] Accessed at: <http://www.actu.org.au/media/886499/the-gender-pay-gap-over-the-life-cycle-h2.pdf>

¹¹ ANZ Women's Report 'Barriers to achieving Financial Gender Equity' [online] Accessed at: <http://www.women.anz.com/content/dam/Women/Documents/pdf/ANZ-Womens-Report-July-2015.pdf>

¹² The Sydney Morning Herald 'Paid parental leave vital to gender quality, says Elizabeth Broderick' [online] Accessed at: <http://www.smh.com.au/federal-politics/political-news/paid-parental-leave-vital-to-gender-equality-says-elizabeth-broderick-20150902-qjdffi.html>

¹³ The Sydney Morning Herald 'Paid parental leave vital to gender quality, says Elizabeth Broderick' [online] Accessed at: <http://www.smh.com.au/federal-politics/political-news/paid-parental-leave-vital-to-gender-equality-says-elizabeth-broderick-20150902-qjdffi.html>

¹⁴ Productivity Commission's Final Inquiry Report Paid Parental Leave: Support for Parents with Newborn Children [online] Accessed at: <http://www.pc.gov.au/inquiries/completed/parental-support/report/parental-support.pdf>

*are also reasonable grounds to expect benefits from longer periods of exclusive parental care up to nine to 12 months.*¹⁵

Over many years the ASU has secured some of the highest employer funded PPL schemes in the Country (with 12-14 weeks entitlement most common). When combined with the government funded PPL scheme, many new parents are able to meet the 26 week Productivity Commission recommendation.

Achieving this period of post-natal leave is important for the health and welfare of both primary carer and newborn. One of the main motivations for paid leave is to assist breastfeeding of infants.

*“The biomedical literature suggests there are benefits from breastfeeding for infants and children (particularly if exclusively breastfed for six months) as well as for mothers. The evidence also suggests a positive association between paid parental leave and the duration of breastfeeding. Paid parental leave, together with support for breastfeeding, has the potential to improve breastfeeding rates.”*¹⁶

Given that paid work and breastfeeding are difficult to combine, there has been continuing attention around the world in supporting women to take time out of paid work to maximise their chances of success at breastfeeding¹⁷.

Recently the Senate Economics References Committee in their Report ‘*A husband is not a retirement plan*’, *Achieving economic security for women in retirement*’ made the following recommendation:

*The committee recommends that the Commonwealth Paid Parental Leave Scheme continue to be improved over time to allow for 26 weeks paid parental leave through the combination of government and employer funding*¹⁸

We agree with the recent Senate Committee’s recommendation and believe Australia should be moving towards a paid parental leave scheme that matches the best in the world.

4.8 Superannuation guarantee should be paid on periods of paid parental leave

The failure to ensure superannuation contributions are made during PPL by both employers and the government remains a weakness of the current scheme with long-term negative consequences for women’s retirement savings. In addition to the persistent gender pay gap, the absence of superannuation during parental leave embeds lower lifetime earnings and retirement income for women¹⁹.

Whilst the structure of the retirement system does not directly discriminate against women, it operates to magnify the pay gap between men and women. This is because women generally work in lower paid jobs, are paid less, do less paid work and more unpaid work and therefore have lower compulsory and voluntary superannuation contributions.

Carers who take extended breaks from the workforce, and often return part-time, are significantly disadvantaged in a system that only values paid full-time employment.

¹⁵ Productivity Commission’s Final Inquiry Report Paid Parental Leave: Support for Parents with Newborn Children [online] Accessed at: <http://www.pc.gov.au/inquiries/completed/parental-support/report/parental-support.pdf>

¹⁶ Productivity Commission’s Final Inquiry Report Paid Parental Leave: Support for Parents with Newborn Children [online] Accessed at: <http://www.pc.gov.au/inquiries/completed/parental-support/report/parental-support.pdf>

¹⁷ University of South Australia ‘The Case for Improving Paid Parental Leave in the South Australian Public Sector’ [online] Accessed at: <http://w3.unisa.edu.au/hawkeinstitute/cwl/documents/paid-parental-leave-report.pdf>

¹⁸ Australian Government Report ‘A husband is not a retirement plan’ Achieving economic security for women in retirement [online] Accessed at:

http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Economic_security_for_women_in_retirement/Report

¹⁹ The University of Sydney ‘Election Benchmarks 2016’ [online] Accessed at:

http://www.workandfamilypolicyroundtable.org/wp-content/uploads/2016/05/Work-Care-Family-Policies_Online_s.pdf

A recent parliamentary inquiry found that women should get taxpayer-funded superannuation whilst on PPL:

The committee recommends that the superannuation guarantee should be paid on the Commonwealth Paid Parental Leave Scheme.

The ASU supports this recommendation and believes the government should introduce a Bill for legislated accrual of superannuation contributions for periods of PPL to help grow women's nest eggs.

5. ASU Member Stories

Many ASU members believe their lives would have been different had they not been able to access both schemes whilst on PPL. When asked if they had not been able to access both schemes, what would have been different for them our members told us*:

- I would not have been able to afford to have a year off from work due to the costs of living these days both husband and I need to work to support our mortgage/bills/food/day care/living expenses. I would either have had to return to work once the parental leave payments ceased, or else drastically cut out budget or insurances to be able to afford to stay at home. I am very lucky that my employer does offer a paid parental leave scheme, however only working part time 3 days a week, the 24 weeks at half pay was even less than the governments parental leave scheme at the minimum wage. To only let parents access 'one' of these payment methods is so unfair for those of us that work so hard to be both mothers/wives and work to support our families too. If this was to be taken away we probably would decide against having a third child as we simply would not be able to afford for me to take longer than 6 months off from work, and if I did breast feed like I did for both previous children, it would make this extremely hard to continue past 6 months if I was working. All in all the government seems to be punishing working mums! **Kerry, Western Australia**
- It changes the amount of time I can spend with my child, I would have to put them into childcare or rely heavily on family for care. I'm full time and couldn't step back into a part-time capacity as the industry I work in doesn't offer those positions anymore. **Alex, South Australia**
- We definitely would have waited longer to have a child. I was 'saving' my annual leave to use while on parental leave. Something that a lot of employers probably wouldn't have allowed, I was lucky that I was able to build up 7 weeks of annual leave to use in addition to the 18 weeks government scheme, and 4 weeks employer PPL scheme. **Andrea, Western Australia**
- I was able to bring my total leave up to 6 months, almost to the day from when my son was born, which is the WHO recommendation. Even that doesn't feel like long enough when you compare Australia to the more progressive European countries. **Peta, Western Australia**
- I would have had to return to work 6 months earlier. Which also would have been very difficult due to critical shortage of childcare places available in nursery rooms (young babies) at childcare centres. **Fatima, Queensland**
- I would have had to go back to work sooner, and would have had to introduce formula sooner. The frustrating thing is I selected my job based on the benefits available to me (paid maternity leave), & now I'm accused of double dipping when it's what I am entitled to. **Nikki, Western Australia**
- If I wasn't able to stay at home for the full 52 weeks without the same paid and government leave entitlements, we'd have needed to make even more significant changes. We wouldn't have been able to afford our mortgage or living costs and would probably have to move further away from work and our friends to live in a cheaper area and return to work sooner. This would likely have impacted my ability to continue breastfeeding my daughter, something that contributes greatly to our relationship and her health. **Nerilee, Western Australia**

* Names have been changed to protect members identity

6. Conclusion

Our members believe the proposed Bill is wrong, unfair and aims to take Australia backwards. When asked what they thought about the government's proposal to reduce the government paid parental leave scheme our members told us*:

- It further promotes greater economic stratification between the haves and have-nots, placing greater stress on new families. We are a post-graduate educated same-sex couple living in the inner suburbs of Melbourne and we have found this first year of parenting economically stressful. We consider ourselves of the privileged in Australia. The Government's proposal to reduce PPL will only harm those most in need thus maintaining cycles of child poverty and domestic violence in Australia. **Marita, Victoria**
- It is very unfair given that we have fought hard to negotiate an employer paid parental leave, we shouldn't be punished for this, parents should be supported to stay at home for as long as possible and this change will stop that from happening. **Fiona, Western Australia**
- Absolutely cruel and unnecessary, I would be interested to know what the mothers and wives of the Senate were paid during THEIR parental leave and how long they could afford to be off work to raise their young children! **Hayley, Victoria**
- I think it's unfortunate that they want to take something away that is so helpful and beneficial to so many new mums and babies. Time is so precious and cannot be re-lived or returned once it has gone. Time with a newborn baby and your family should not be taken away. **Mei, South Australia**
- It is unfair and discriminatory. It makes it harder for women to have children and take time off from work. It hurts families and women are forced to return to work earlier than they want due to financial reasons. If my employer offers paid parental leave then why should I miss out from the government leave? I pay my taxes and contribute to society. **Jodie, Victoria**
- It's pathetic and honestly makes me so scared for the future of our country. It makes me sick to think that a country that I love so much is being run under such awful standards, forget about how much money you will be saving and think about the future leaders of our country. Financial stress of the parents affects children dramatically, given a child's brain learns fastest between infancy and 2 years I feel it's fair that parents be given paid parental leave through the government. It's absolutely shameful and ridiculous and heartbreaking that the government wants to change that. **Pia, Queensland**
- When I took this job five years ago I was promised maternity leave and I considered that to be a part of my salary package. It was carefully considered before I took my job. I work hard and have earned the right to get the maternity leave from my employer. Now why should I miss out from the government pay out? I have worked hard and paid my taxes since I was 14 that no doubt contributed to other people's maternity leave, and now that it is my time and we are often encouraged to have a family to increase the Australian population, I have to miss out? It's completely unfair. Australia already ranks poorly on the list of maternity leave in developed countries. We are fast heading towards the shocking American standards. It is embarrassing. The government should be supporting working parents. **Bianca, Western Australia**
- Working families are already doing it tough with astronomical house prices/mortgages plus an inadequate and expensive childcare system. Children will suffer as a result of less bonding time with their parents and more financial stress on the family. Being able to take the extended leave gives you the time to emotionally prepare for balancing your young family and career. It's disgraceful that Australia's treatment of working mothers is going backwards rather than forwards. Educated, intelligent and experienced women are dropping out of the workforce in droves because they feel unsupported and unable to balance work and family commitments. It's a massive problem for our country's economy and productivity, and the government should be doing all they can to support working mothers, not drive them away. **Deanne, Queensland**
- It's disgusting. It shows lack of care to families. Having children and taking time off work and coming back to work was the hardest thing I've ever done. As a woman, I already feel unsupported in the workplace when I returned to work. Day care, work life balance, parental leave, the government should be helping families in this already tough environment, not adding to the stresses. **Belinda, Western Australia**

- I have worked 14 years, since I was 14 years old - half my life. I have fought to save my money so I can bridge the gap of poverty my mother pulled me out of. I have saved, researched & used HELP dept. to gain an education so I can earn just above minimum wage. I am trying to build a base so I do not have to forfeit time with my child to pay the bills, as my mother had to. If this is taken away - what prospects does gen Y have for their future? We have no pensions, no free education & a wage gap for females. **Qing, New South Wales**
- It's a huge step backwards. It's pushing mums back into the workplace which is not the best thing for them or their children if it's not what they want. It's punishing people who have specifically chosen a job based on the benefits available to them and providing workplaces with no incentive to provide paid parental leave schemes to employees. Our government should be aiming to be a leader in this area. **Ursula, Western Australia**
- It really sucks! Mothers already experience discrimination on many other fronts - lower wages, no super while on unpaid leave and no sick leave accrual when back at work but off ill or on caring leave (mainly due to night-time care, a long commute and a workplace that supports supervisors who do everything they can think of to make you quit since you become a liability to their team budget). I have a state government job, so this is the best it gets in Australia. **Ann-Maree, Victoria**
- The purpose of introducing PPL was to provide families with a minimum benefit to assist when having a family and was not meant to reduce current workplace entitlements. The Liberal Party sought at one point to increase PPL now they decide to make changes to the system in order to allow a tax break for big business. **Ellie, New South Wales**

* Names have been changed to protect members identity

For the reasons outlined above, we call on the Senate Committee Inquiry to reject the *Fairer Paid Parental Leave Amendment Bill 2016*.

Further, the ASU seeks the opportunity to appear before the Committee at a future date and at any public hearing in order to represent the arguments more fully, on behalf of our members.

JETSTAR EXAMPLES – assuming 20 week government scheme
Impact of proposed changes on a Level 3 Customer Service Officer at Jetstar

Jetstar Full Time (38 Hours a week) CSO - \$863.62/week (\$44,908 per annum)

Jetstar Employee Paid Parental Leave Now		Under Liberal proposal	
Jetstar paid parental leave – 12 weeks' pay at usual wage	\$10,363	Jetstar paid parental leave – 12 weeks' pay at usual wage	\$10,363
Government paid parental leave – 18 weeks' pay at National Minimum Wage	\$12,109	Government paid parental leave – 8 weeks' pay at National Minimum Wage	\$5,381
Total	\$22,472	Total	\$15,744

\$6,728 worse off

Jetstar 30 Hours a week CSO - \$681.80/week (\$35,454 per annum)

Jetstar Employee Paid Parental Leave Now		Under Liberal proposal	
Jetstar paid parental leave – 12 weeks' pay at usual wage	\$8,182	Jetstar paid parental leave – 12 weeks' pay at usual wage	\$8,182
Government paid parental leave – 18 weeks' pay at National Minimum Wage	\$12,109	Government paid parental leave – 8 weeks' pay at National Minimum Wage	\$5,381
Total	\$20,291	Total	\$13,563

\$6,728 worse off

Jetstar 25 Hours a week CSO - \$568.16/week (\$29,544 per annum)

Jetstar Employee Paid Parental Leave Now		Under Liberal proposal	
Jetstar paid parental leave – 12 weeks' pay at usual wage	\$6,818	Jetstar paid parental leave – 12 weeks' pay at usual wage	\$6,818
Government paid parental leave – 18 weeks' pay at National Minimum Wage	\$12,109	Government paid parental leave – Top up employer payment to minimum wage	\$1,255
		8 weeks' pay at National Minimum Wage	\$5,381
Total	\$18,927	Total	\$13,454

\$5,473 worse off

JETSTAR EXAMPLES – assuming 20 week government scheme
Impact of proposed changes on a Level 3 Customer Service Officer at Jetstar

Jetstar 20 Hours a week CSO - \$454.53/week (\$23,636 per annum)

Jetstar Employee Paid Parental Leave Now		Under Liberal proposal	
Jetstar paid parental leave – 12 weeks' pay at usual wage	\$5,454	Jetstar paid parental leave – 12 weeks' pay at usual wage	\$5,454
Government paid parental leave – 18 weeks' pay at National Minimum Wage	\$12,109	Government paid parental leave –	\$2,619
		Top up employer payment to minimum wage	
		8 weeks' pay at National Minimum Wage	\$5,381
Total	\$17,563	Total	\$13,454

\$4,109 worse off

**QANTAS EXAMPLES – assuming 20 week government scheme
Impact of proposed changes on level 3.4 Airline Officer**

Qantas Full Time (38 hours/week) Level 3.4 Airline Officer - \$979.90/week (\$50,955 per annum)

Qantas Employee Paid Parental Leave Now		Under Liberal proposal	
Qantas paid parental leave – 14 weeks' pay at usual wage	\$13,719	Qantas paid parental leave – 14 weeks' pay at usual wage	\$13,719
Government paid parental leave – 18 weeks' pay at National Minimum Wage	\$12,109	Government paid parental leave – 6 weeks' pay at National Minimum Wage	\$4,036
Total	\$25,827	Total	\$17,755

\$8,072 worse off

Qantas 30 hours a week Level 3.4 Airline Officer - \$773.61/week (\$40,227.63 per annum)

Qantas Employee Paid Parental Leave Now		Under Liberal proposal	
Qantas paid parental leave – 14 weeks' pay at usual wage	\$10,831	Qantas paid parental leave – 14 weeks' pay at usual wage	\$10,831
Government paid parental leave – 18 weeks' pay at National Minimum Wage	\$12,109	Government paid parental leave – 4 weeks' pay at National Minimum Wage	\$4,036
Total	\$22,940	Total	\$14,867

\$8,073 worse off

Qantas 20 hours a week Level 3.4 Airline Officer - \$515.74/week (\$26,818.42 per annum)

Qantas Employee Paid Parental Leave Now		Under Liberal proposal	
Qantas paid parental leave – 14 weeks' pay at usual wage	\$7,220	Qantas paid parental leave – 14 weeks' pay at usual wage	\$7,220
Government paid parental leave – 18 weeks' pay at National Minimum Wage	\$12,109	Government paid parental leave – Minimum wage top up	\$2,198
		6 weeks' pay at National Minimum Wage	\$4,036
Total	\$19,329	Total	\$13,454

\$5,875 worse off