



***Fairer Paid Parental Leave Amendment Bill 2015:
CCIWA Submission to the Senate Community
Affairs Legislation Committee***



CONTENTS

1. ABOUT CCIWA	3
2. EXECUTIVE SUMMARY	3
3. THE MOVEMENT TOWARDS GENDER EQUALITY	4
4. THE OBJECTIVE OF GOVERNMENT FUNDED PAID PARENTAL LEAVE	5
5. A STEP IN THE WRONG DIRECTION	6

Submission to the Senate Community Affairs Legislation Committee regarding the *Fairer Paid Parental Leave Amendment Bill 2015 (Cth)*

1. ABOUT CCIWA

- 1.1 The Chamber of Commerce and Industry WA (**CCIWA**) is the leading business association in Western Australia, and with over 9,000 members is one of the largest organisations of its kind in Australia.
- 1.2 CCIWA members operate across all industries including: manufacturing; resources; agriculture; transport; communications; retail trade; hospitality; building and construction; local government; community services; and finance. CCIWA members are located throughout Western Australia.
- 1.3 Most of CCIWA's members are private businesses, although we also have a significant proportion of members in the not for-profit sector and the government sector.
- 1.4 Approximately 80 per cent of CCIWA members are small businesses employing up to 19 employees, with over 15 per cent employing between 20 and 99 and over 5 per cent employing more than 100 employees.

2. EXECUTIVE SUMMARY

- 2.1 The Senate Community Affairs Legislation Committee (**Senate Committee**) has invited interested parties to make submissions in relation to the *Fairer Paid Parental Leave Amendment Bill 2015 (Cth)* (**Bill**).
- 2.2 CCIWA welcomes the opportunity to provide the Senate Committee with submissions regarding the Bill.
- 2.3 CCIWA does not support the changes to the eligibility for government funded paid parental leave (**PPL**) on the basis that it is a backwards step in promoting gender equality and erodes attempts by employers to address gender inequality in the workplace.
- 2.4 The proposed amendments go against the original intentions of the *Paid Parental Leave Act 2010 (Cth)* (**PPL Act**) which were to “complement” employer-provided maternity leave.¹ CCIWA submits that the value of employer funded PPL as an effective recruitment and retention tool will be lost if the Bill is passed. As a result, there is little incentive for businesses that do not currently have a PPL scheme in place to introduce one. Businesses that do have schemes in place may re-evaluate their position, particularly as the costs of such a scheme begin to outweigh the reduced benefits.

¹ Explanatory Memorandum, *Paid Parental Leave Bill 2010 (Cth)*, p 1.

- 2.5 Lastly, while CCIWA welcomes the removal of the default position for employers to act as the paymaster in the administration of PPL, we note that this amendment is already provided in the *Paid Parental Leave Amendment Bill 2014* (Cth), which is currently before the Senate. We would encourage the Government to progress the passage of this Bill.

3. THE MOVEMENT TOWARDS GENDER EQUALITY

- 3.1 Businesses, employees, government and the broader community have acknowledged the need to promote gender equality in the workplace. The recent *Intergenerational Report* noted that, in light of the ageing population, increased female participation rates are essential to Australian productivity and prosperity.² Currently, despite increasing numbers of female university students, women represent 45.9 per cent of the full-time labour force but only 3.5 per cent of CEOs in ASX500 companies.³
- 3.2 Further, it has been estimated that increasing women's workforce participation by six per cent would have a "substantial impact on the Australian economy", potentially increasing national Gross Domestic Product by \$25 billion.⁴
- 3.3 The recent *Filling the Pool Report* has identified that employer funded PPL, when provided as one of several best practice initiatives, is effective in retaining and engaging female employees on maternity leave. In particular, "Paid maternity leave was reported by interviewees as demonstrating a commitment to employees and to enhance their likelihood of returning to work".⁵
- 3.4 The benefits to be gained from promoting gender equality have been realised by employers, who were the initial drivers behind PPL schemes prior to the introduction of government funded PPL in 2010 through the PPL Act.
- 3.5 A study completed in 2007 revealed that a key reason behind employers implementing PPL schemes was that it was "the right thing to do".⁶ Employers also cited that the retention and attraction of employees generally and/or in key occupations was seen as an issue which could be addressed through PPL. Further, employer funded PPL assisted in becoming an employer of choice in a tight labour market and assisted in ensuring the longer term survival of the organisation.
- 3.6 The historical movement towards PPL also reveals that organisations in the social and community services sector were pivotal in its introduction, as this was seen to show commitment to the organisation's overall values and mission.

² Department of Treasury 2015, *2015 Intergenerational Report Australia in 2055*, Government of Australia. Available from: <<http://www.treasury.gov.au>> [21 July 2015].

³ Committee for Perth, *Filling the Pool Report*, p 16. Available from: <<http://www.committeeforperth.com.au/>>

⁴ Grattan Institute, *Game-changers: Economic reform priorities for Australia*, page 39. Available from: <http://grattan.edu.au/>

⁵ Above, n 3, p 73.

⁶ Charlesworth, S 2007, 'Paid Maternity Leave in 'Best Practice' Organisations: Introduction, Implementation and Organisational Context', *Australian Bulletin of Labour*, vol. 33 no. 2. Available from: ProQuest [17 July 2015].

4. THE OBJECTIVE OF GOVERNMENT FUNDED PAID PARENTAL LEAVE

- 4.1 It was in this context that the then Federal Government referred an inquiry into paid maternity, paternity and parental leave to the Productivity Commission in 2008.
- 4.2 In its inquiry report, the Productivity Commission acknowledged the increasing number of employers who were providing PPL to their employees. They flagged that the likely impact of a government-mandated scheme on the nature and extent of employer provided PPL was something that required consideration.⁷
- 4.3 In relation to this issue, the Productivity Commission concluded that “...*there is also a risk that a statutory scheme (regardless of how it is funded) would devalue the signal that voluntary leave arrangements send to existing and prospective workers about firms being an employer of choice*”. Thus, businesses “*on the cusp*” of introducing their own PPL schemes may be dissuaded from doing so.⁸
- 4.4 In response, many employer groups raised that employers would continue to offer schemes which complemented government funded PPL, with the importance of being an employer of choice a key reason for such maintenance.⁹
- 4.5 Following this, in introducing the PPL Act, the Government specifically identified that government funded PPL was to be received “*before, after or at the same time as existing entitlements such as employer-provided paid leave such as recreation, annual and employer-provided maternity leave*”.¹⁰
- 4.6 This was because government funded PPL was intended to “*complement and enhance the existing family-friendly arrangements that many employers already offer*”.¹¹ This ultimately realised the benefits to be gained out of two systems working together, and allowed employers to retain their own scheme and thus their standing as an employer of choice.
- 4.7 The Workplace Gender Equality Agency’s recent statistics show that since the introduction of the PPL Act, employer funded PPL has remained strong. 48.4 per cent of reporting organisations provide employer funded PPL schemes for primary carers. The average duration of the leave is 11 weeks, with 3.9 per cent providing a top-up of the government scheme to full pay.¹²
- 4.8 Perhaps most significantly, 39.1 per cent of organisations provide full pay *in addition to* the government scheme.¹³ This suggests that many employers have realised the benefits gained out of funding a PPL scheme which complements that provided by the

⁷ Productivity Commission 2009, *Paid Parental Leave: Support for Parents with Newborn Children*, Government of Australia, p 1.11. Available from: <<http://www.pc.gov.au/>> [16 July 2015].

⁸ Ibid, p 7.16.

⁹ Ibid, p 7.19.

¹⁰ Explanatory Memorandum, *Paid Parental Leave Bill 2010 (Cth)*, p 1.

¹¹ The Hon Macklin MP, *Second Reading Speech: Paid Parental Leave Bill 2010 (Cth)*. Available from: <<http://parlinfo.aph.gov.au/>> [16 July 2015].

¹² Workplace Gender Equality Agency 2015, *WGEA Data Explorer: Gender Equality by Industry Revealed*. Available from: <<https://www.wgea.gov.au/lead/wgea-data-explorer-gender-equality-industry-revealed>>. [20 July 2015].

¹³ Ibid.

government. It also remains evident that many employees currently have access to a dual PPL system.

5. A STEP IN THE WRONG DIRECTION

- 5.1 A primary objective behind the Bill is to ensure that government provided PPL is *“more fairly targeted to parents who do not also have sufficient access to employer-provided parental leave or similar payments”*.¹⁴
- 5.2 CCIWA submits that it will not be *“more fairly targeted”* towards these employees, as the opportunity for them to negotiate for greater PPL entitlements will be reduced. This is because the benefits to their employers, and indeed themselves, of introducing such a scheme will be diminished.
- 5.3 CCIWA raises concerns that the Bill is attempting to achieve *“fairness”* by reducing the entitlements of employees who have access to employer funded PPL. These employees will be financially worse off during periods of parental leave. This is a step in the wrong direction, particularly at a time when we should be increasing and promoting the participation of women in the workforce. It also needs to be recognised that many employees currently receiving PPL will lose an entitlement that they negotiated or bargained for in lieu of other possibly negotiated entitlements.
- 5.4 Such a backwards step devalues the attempts and initiatives that have been made by employers to address the issue of gender equality. At a time when it is commonly recognised that further steps need to be taken regarding gender equity, the proposed amendments send the wrong message. They also reduce the incentive for employers to be proactive in this space; for fear that their work may be undone by government policy.

Submitted on behalf of the

Chamber of Commerce and Industry of Western Australia (Inc)

Deidre Willmott

Chief Executive Officer

30 July 2015

¹⁴ The Hon Morrison MP, *Second Reading Speech: Fairer Paid Parental Leave Amendment Bill 2015 (Cth)*. Available from: <http://parlinfo.aph.gov.au/> [16 July 2015].