



SUBMISSION ON BEHALF OF THE AUSTRALIAN FEDERATION OF
EMPLOYERS AND INDUSTRIES (AFEI)

PRODUCTIVITY COMMISSION INQUIRY INTO PAID MATERNITY,
PATERNITY AND PARENTAL LEAVE

AFEI
Australian Federation of
Employers & Industries

Australian Federation of Employers and Industries

The Australian Federation of Employers and Industries (AFEI), formed in 1904, is one of the oldest and most respected independent business advisory organisations in Australia.

With over 3,500 members and over 60 affiliated industry associations, our main role is to represent, advise and assist employers in all areas of workplace and industrial relations and human resource management. Our membership extends across employers of all sizes and a wide diversity of industries.

AFEI provides advice and information on employment law and workplace regulation, human resources management, occupational health and safety and workers compensation. We have been the lead employer party in running almost every major test case in the New South Wales jurisdiction.

AFEI is a key participant in developing employer policy at national and state (NSW) levels and is actively involved in all major workplace relations issues affecting Australian businesses.

CONTENTS

	PAGE
1 Objectives	4
2. Financing Options	5
Employer Funded Parental Leave opposed	5
Tiered funding and employer levy schemes opposed	6
Support for Government Funded Parental Leave	7
Interaction of Paid Parental Leave and National Employment Standards and Modern Awards.....	9
3. Interaction with Tax and Social Security	10
Reallocation of existing tax and welfare funding for families.....	10
4. Cost to Employers	11
Paid Parental Leave viewed as a workplace entitlement: Most Employers do not Pay Leave or See a Need to	13
A Cost Without a Benefit for Many Employers.....	13
Increased Costs of Regulation and Employer Funded Benefits	16
In Australia, the Employer Pays.....	17
5. Benefits to Employers	18
6. Small Business	21
7. Maintaining Attachment to the Workforce	23
Education and Skill Levels are the Key to Job and Income Protection	23
A Comment on International Comparisons	25
 ATTACHMENT A	

1. Objectives

- 1.1 As the Productivity Commission's Issues Paper (the Issues Paper) observes, a key starting point in deciding a paid parental leave scheme is to specify the rationale for, and objectives of, paid parental leave. Throughout the Paper a range of objectives is proposed, some of which would appear to be inconsistent (for example, labour market continuity and longer time away from work for child health and welfare).
- 1.2 Unless the prime objective of paid maternity leave is agreed, the basis of its funding and payment cannot be efficiently or effectively determined.
- 1.3 AFEI's view, paid parental leave alone will not meet any one stated objective and can only form part of a wider range of measures for a particular objective.
- 1.4 When assessing the efficacy of these objectives (for example, to achieve pay equity, women's economic security, or improved health and welfare of mothers and children), paid parental leave does not appear to be the essential or pivotal measure. It is however 'easy pickings' politically for a variety of interest groups, more readily achieved than tax reform, welfare funding redistribution, social and cultural changes which, for example, might take men out of the labour force for child rearing, or supply side measures in the labour market which raise women's earnings, with or without children.

- 1.5 Nevertheless, the efficacy of a paid maternity leave scheme should not be assessed in a vacuum. If it is necessarily, one of a wider range of measures, then the efficacy of the wider range needs also to be thought through to determine whether the whole package is sustainable and how it is to be funded.
- 1.6 Employer funded parental leave is sporadic and diverse, in comparison to the large proportion of welfare budget already allocated to maternity, family and childcare purposes. This highlights that paid parental leave has not been and is not seen as a workplace entitlement but funded by the taxpayer as a community responsibility.

2 Financing Options

Employer funded parental leave opposed

- 2.1 AFEI opposes mandatory employer paid parental leave, in any form. This includes both the provision of minimum benefits or any "top up" arrangements which may be created through the introduction of a national scheme or through the interaction of National Employment Standards and Modern Awards.
- 2.2 As noted in the Issues Paper, Australia does not have obligations under international law and is not a signatory to ILO Convention 183 (2000) frequently cited by proponents of paid maternity leave as the minimum standard to be observed. It should be observed that the Convention does not mandate employer paid maternity leave, expressly stating that an employer shall not be individually liable for the direct

cost of paid benefits unless this is already provided for in national law or subsequently agreed at the national level by government and representative organisations of employers and workers.

- 2.3 AFEI supports preservation of the employer's right to (or not to) negotiate, with their employees, arrangements which meet the needs of both the organisation and employees. Employers value their ability to provide additional benefits to staff, but do not view paid parental leave as an automatic workplace entitlement. To the extent that *employer paid* parental leave is mandated, the employer's incentive to provide workplace specific benefits is correspondingly reduced.

Tiered funding and employer levy schemes opposed

- 2.4 AFEI does not support the proposition that taxes, such a payroll tax or some other form of levy be imposed on employers to fund paid parental leave. This would be an additional tax on employment.
- 2.5 We also see a very high degree of risk for employers in propositions for funding schemes which involve pooled employer/ employee funding or partial public funding through the taxpayer, topped up by employer and employee contributions, even on a voluntary basis. The nature of our industrial relations system and culture would ensure that any employer contributions are rapidly enshrined as entitlements. Our experience with employer funded superannuation attests to escalating costs for employers once contribution schemes are introduced.

Support for government funded parental leave

- 2.6 If a paid parental leave scheme is to be introduced, this should be taxpayer funded with no requirement for employers to contribute further payment. Employers are taxpayers, and already make a substantial contribution to government revenue. If a government scheme is introduced it should not require any increase in taxes. Consequently, any funding must be affordable and fiscally responsible.
- 2.7 As the Issues Paper notes, there are broader labour market impacts arising from parental support measures. Crucially, the negative impacts arising from any scheme which involves employer funding will be most pronounced for workers who are lower skilled, lower paid and employed in areas with the least capacity to pay. These workers are already the least likely to have employer funded paid parental leave.¹ Employer funded paid leave would be an additional cost on top of existing dislocation costs of unpaid leave. The proposed NES will increase the dislocation costs. The additional negative effects of paid leave should not be borne by employers.
- 2.8 Whether a government funded scheme is universally available or confined to women in the workforce is a matter for the Government, however, the scheme should be provided as a welfare payment, not (in the case of employees) a workplace entitlement.

¹ ABS 2005 Pregnancy and Employment Transitions 4913.0

- 2.9 The Government should determine the appropriate level of payment given that this is a welfare payment and thus to be established within the framework of tax and the social welfare system. We emphasise that payments should not be linked to wages determined within the industrial relations system. The minimum wage is one measure of what may be an appropriate payment level, however, the determinants should be fiscal and budgetary concerns and efficient social welfare objectives.
- 2.10 The level of payment and its duration will be a key determinant of labour market outcomes so careful analysis of the impact on labour market supply will need to be undertaken.
- 2.11 Employers should be protected from incurring any additional costs from these welfare payments. For example, these payments should not be assessable as wages for superannuation, workers compensation or payroll tax purposes.
- 2.12 We reject the proposition that taxpayer funded leave is a subsidy to business. An employee's decision to have children is not made to benefit business and employers incur costs, not competitive advantage, as a consequence of this decision. Nor should employers be made responsible for the costs of implementing population or social policy.

Interaction of paid parental leave and National Employment Standards and Modern Awards

2.13 At present, the right to request flexible work arrangements and an expansion of the right to take concurrent leave are proposed as minimum entitlements in the National Employment Standards.

2.14 With the introduction of a welfare based scheme, its provisions and any reference to payment for parental leave should not form part of the National Employment Standards or Modern Awards, and it should not be subject to the regulatory framework of Fair Work Australia.

2.15 Should such a scheme be introduced, there should be a legislative bar against parental leave being included in the National Employment Standard or being an allowable award matter in Modern Awards. Such a scheme should not have connective mechanisms which expose employers to additional obligations through industrial relations legislation.

2.16 A welfare based scheme should be administered by Government social security agencies, with no payment being made through the employer. However, given the dislocation costs created by the taking of leave, the current legislative provisions for employee eligibility for parental leave, duration, notification to take leave and return from leave should remain in place.

3. Interaction with Tax and Social Security

Reallocation of existing tax and welfare funding for families

- 3.1 There is already a very high level of taxpayer funded social welfare for maternity, parenting and families. If it is decided to pay parental leave, this diverse array of funding, along with tax arrangements, should be examined with a view to appropriate reallocation, rather than seeking any additional tax revenues.
- 3.2 Concerns about equity, access to the labour market, and welfare of children would be better addressed through tax and welfare reforms which provide incentives to working parents with children, particularly in households where only one parent is working.
- 3.3 Consequently, a major focus of this Inquiry should be the interaction of tax and welfare payments to working and non working parents, as this appears to be fundamental in the decisions of women with children to work or not work.² It has been suggested the decline in participation rates for women aged 25 – 44 over the period 1990 – 2003 (whilst higher

² The interaction of tax and transfer payments on women's participation rates has been analysed in an OECD study which concluded there was "*a positive impact on female participation of a more neutral tax treatment of second earners childcare subsidies, and paid maternity and parental leave. On the other hand, child benefits reduce female participation due to an income effect and their lump-sum character. Female education, the general labour market conditions, and cultural attitudes remain major determinants of female participation*" Labour Force Participation Of Women: Empirical Evidence On The Role Of Policy And Other Determinants In OECD Countries OECD Economic Studies, No. 37, 2003/2

See also Fagan, Colette and Gail Hebson (2004) 'Making work pay' debates from a gender perspective: a comparative review of some recent policy reforms in thirty European countries:

http://ec.europa.eu/employment_social/gender_equality/docs/exp_group_report_en.pdf

today) may be due to more generous government assistance for families:

As already stated, female participation rates have generally increased across the board. The only exception is the participation rate for younger mothers (aged 25 to 34 and 35 to 44), which have declined. It's possible that this is due to changing values, with younger generations sometimes being portrayed as wanting to live more balanced lives than the workaholic baby boomers.

It is also possible that it's due to more generous government assistance towards families. For example, in August 1990 family payments to a single income family with 2 children where the breadwinner earned average weekly earnings amounted to 1.8 per cent of those earnings, while by August 2003 the comparable figure was 20.4 per cent³.

4. Cost to Employers

4.1 It should not be assumed that a government funded scheme is "free of cost" to employers, nor do we agree with the approach taken which discounts costs incurred from parental leave, paid or unpaid, to employers as being ultimately borne by consumers and employees (Issues Paper p 16). If that was the case, then cost of inputs would not affect price and price would not affect demand and there would be zero losses to international competition.

³ AMP.NATSEM Income and Wealth Report Issue 12 November 2005 page 15

4.2 The assumption that paid parental leave is simply cost-shifted from employers to others in society raises a number of issues:

- If employer costs are externalised and borne by workers or consumers then the strategy of encouraging employer paid parental leave on a business benefits basis is flawed. If the cost is not borne by the economic unit which generates the cost and only benefits are derived, all employers would provide paid parental leave in their own self interest.
- The logic implies that the more beneficial and expensive the scheme, the greater the costs to consumers and employees, who in this analysis are carrying its costs. So a high cost scheme which is funded entirely by employer contribution, covering the labour force, maintaining earnings at high levels of pre - leave earnings for lengthy periods of time, mandating strong job security protection and re-entry obligations will increase the economic burden carried by workers and consumers.
- With this general equilibrium analysis, business costs are assumed to be passed on to employees and consumers through lower wages, fewer jobs and higher prices. If additional labour costs, or any production costs, can always be passed on as higher prices or lower employment without adverse impact on the business and its survival, there would never be an impediment to businesses increasing their costs.

4.3 Further, an estimated small aggregate cost for employers at the macro level does not negate the adverse impact of increased costs on the individual enterprise.

Paid parental leave viewed as a workplace entitlement: most employers do not pay leave or see a need to do so

4.4 AFEI supports a government funded scheme because the fact remains that the overwhelming majority of employers do not pay parental leave nor support doing so.

4.5 As the Issues Paper notes, paid maternity leave is uneven and sporadic. In our experience, where it is paid, the reasons for payment are primarily market based in response to commercial needs in attracting and retaining staff, or alternatively, in response to union pressure in enterprise bargaining. This low level of paid leave across the workforce underscores the proposition that this is not a work based entitlement, an established obligation in the employment relationship. Nor does it support the actual delivery of benefits to employers such as those postulated on page 13 of the Issues Paper. If these benefits were universally realised, in their own self-interest, a far greater proportion of employers would now be paying parental leave.

A cost without a benefit for many employers

4.6 Why hasn't paid maternity leave, or more recently parental leave, with all its purported benefits been more widely adopted?

- 4.7 For a straightforward reason: for most employers it is a cost without benefit. It is a payment to an employee who is not at work, will almost always involve payment to compensate for this absence, either as an additional wage or overtime, additional human resource and administration costs, and productivity losses.
- 4.8 Where benefits are derived, for example, where staff retention is an issue, in attracting skilled staff, or for corporate marketing purposes, employers will offer whatever benefits they see as relevant for their circumstances and which may be sustainable. However, where there are no offsetting gains, parental leave is an additional on cost incurred as for other payments for time not at work arising from various forms of leave - annual, long service, study, public holidays, personal and carers etc.
- 4.9 Our members report many concerns relating to the management of maternity leave. These include:
- Finding suitable employees who are willing to fill positions on a temporary basis for an uncertain period of time
 - Training temporary employees
 - Extension of maternity leave
 - Multiple exits for maternity leave
 - Uncertainty as to the duration of temporary employment and lack of legislative protection in terminating temporary employees
 - Reallocating responsibilities among other staff

- On return to work, employees frequently requesting reduced/flexible hours, part time work, work from home or other changes in work arrangements which are not easily accommodated with other staff needs or the needs of the business
- Non return to work
- Updating and re skilling employees who have taken longer periods of leave
- Provision of suitable duties for employees requiring transfer to a safe job on full earnings (and payment for them to remain at home for the duration of the pregnancy if suitable duties cannot be provided)

4.10 The Council for Equal Opportunity Employment (CEOE) states that labour turnover costs range between 50-130% of the incumbent's salary.⁴ This includes costs associated with separation (exit interviews, administration, separation pay), replacement of staff (job advertising, administration, interviews, testing, staff meeting, post-employment dissemination of information), training, lost productivity and lost business costs.

4.11 With the exception of exit interviews and separation pay, these turnover costs also arise when an employee takes parental leave and replacement employees are required to fill the employee's position, particularly in relation to replacement, training and, in the case of skilled employees, lost productivity.

4

http://www.eowa.gov.au/Developing_a_Workplace_Program/Six_Steps_to_a_Workplace_Program/Step_2/_Costing_Turnover_Calculator/calc_home.htm

Increased costs of regulation and employer funded benefits

4.12 Governments, unions and other interest groups have been unrelenting in their pressure for employers to take on an ever widening burden of financial and administrative obligations.

4.13 In the past decade, employers have been compelled to accept legal and financial responsibility for superannuation, discrimination, harassment and interpersonal relationships at work, job protection, redundancy, adjustments for employees' carer and family circumstances. These are in addition to the well established employer funded workers compensation schemes and onerous occupational health and safety liability, which now includes management of an individual's fatigue levels and drug and alcohol abuse. Additionally, any work experience an employee perceives to be negative has to be addressed as a psycho-social safety risk.

4.14 Moreover, many employers are obliged by award or agreement to provide a mixed assortment of time off and leave arrangements, for diverse purposes. Currently, under Federal industrial legislation an employee is entitled to at least 40 paid leave days per annum, excluding long service, jury, defence, community or emergency services or other forms of negotiated leave. **Attachment A** provides a summary of leave entitlements.

4.15 These obligations are in addition to already extensive wage and conditions compliance requirements, which are likely to be extended by the proposed National Employment Standards. However, unlike parental leave, which arises from a non work related condition determined by the employee, they are work based and have their origins in the employment conditions and entitlements of the workplace.

In Australia, the employer pays

4.16 What is also notable about these benefit payments is that they are all directly employer funded, in contrast to those countries frequently cited as providing generous maternity and family care payments, for example France, Norway, Sweden, Finland, Denmark, UK, Germany. In these countries, the proportion of government and employee funding for employee absence for any reason, including work related injury and illness and job loss, as well as funding for retirement, is far higher than Australia.⁵

4.17 These countries do not regard paid maternity leave as a workplace entitlement but as social welfare entitlement. Again this points to the necessity of examining the entire tax and income transfer mix when analysing the funding of entitlements.

⁵ UK Department Of Trade And Industry Employment Relations Research Series No. 57 International Review Of Leave Policies And Related Research 2006 Edited By P MOSS And M O'Brien
<http://www.berr.gov.uk/files/file31948.pdf>

- 4.18 In further contrast to many other countries, Australian employers already provide 12 months unpaid parental leave, (soon to be extended with the right to request up to another 12 months), widely but erroneously described as cost free. It is not.
- 4.19 Legislated parental leave may be unpaid but it is in all circumstances an on-cost which adds to non-productive overheads. As outlined above, employers incur costs through additional replacement labour costs, recruitment and training, human resource and administrative costs, the opportunity costs of keeping the job open and re-skilling and redeployment to accommodate returning employees' needs (now mandated by anti-discrimination legislation).

5 Benefits to Employers

- 5.1 Benefits to employers are dependent on the business case for the employer and should remain a matter decided by the employer. Far too many jobs are lost as a consequence of third parties deciding what is best for the employer and the quest to widen employer obligations and responsibilities.
- 5.2 There is no evidence that universally there are financial gains for employers from paying maternity leave, and that therefore employers should be compelled to pay for this leave. Whilst various studies have argued positive effects on work performance, turnover, productivity and return to work rates, it is not clear that the net benefit of these effects is always positive for firms.⁶ This is so even at the broader level of assessing the benefits of equal opportunity measures for businesses.⁷

⁶ OECD Employment Outlook 2001 p148

⁷ <http://www.dwp.gov.uk/asd/asd5/rports2007-2008/rrep483.pdf>

- 5.3 It is notable that larger scale, cross-national research has not demonstrated either widespread or consistent patterns of employer funded provisions. If benefits exceeded costs, a much greater consistency in approach would be apparent, even allowing for legislative and cultural differences. The research shows an employer reluctance, rather than enthusiasm, for incurring these additional costs. Apart from specific corporate initiatives tailored to their circumstances, prominence on the political agenda, legal sanctions and legislative pressure to change corporate norms, along with subsidies as incentives, appear to underlie corporate initiatives overseas, rather than an enthusiasm for the purported benefits of family friendly measures at work.⁸
- 5.4 A German study investigating the low take up of paternity leave (and which argued that individual and societal preferences and values mitigating against its use are so strong that a “structural” legislative solution is required i.e. employers and males must be coerced into changing their work practices) identifies the difficulties employers have with

See Laura Den Dulk, "Employers and parental leave: A comparative analysis, in *Parental Leave: Progress or Pitfall?*, edited by P Moss and F Deven Netherlands: Netherlands Interdisciplinary Demographic Institute, 1999, p 243. The Danish National Institute of Social Research evaluation of child care work did not demonstrate clear benefits to employers. Moss & Deven p 37. In three surveys of Swedish companies in the early 1990's, 40% to 70% said parental leave caused problems for them. Again, where benefits are described, these are linked to specific company circumstances, and usually described in generic, subjective rather than measurable terms (what's good for the individual is good for the company etc) Moss & Deven p58-59. The Finnish Confederation of Service Sector Employers has calculated that their average cost of each child born is FIM 48,000 rising to FIM 76,000; the average monthly female wage is FIM 9,900, ie 4 to 6 months of an employee's salary. Moss & Deven p 102-103. ⁸ Whilst these references may be dated, they reflect the views currently expressed by our members, notably being supportive of employee family circumstances but having to manage the impact on their organisations.

parental leave.⁹ These barriers include the high professional position or qualification of the employee, finding a replacement for a specialist position temporarily, long duration of leave, part time work wanted after return to work. As would be expected, employers face greater loss and difficulties from the absence on leave of more senior, highly qualified staff whose positions can only be filled temporarily, amongst other factors. These factors apply equally to women, and as women increasingly occupy more senior and skilled positions, their absence on maternity leave (paid or unpaid) presents their employers with relatively greater costs.

- 5.5 If benefits to employers were demonstrable across the board, and not just in particular circumstances, there would be some justification in mandating paid parental leave as a workplace entitlement. If this leave universally provided cost offsets to employers from higher retention rates, better returns on staff training, lower recruitment costs and higher productivity¹⁰, imposing mandatory paid leave on employers may be justifiable. Employer resistance to paid leave indicates that broadly, this has not been their experience.

⁹ Moss & Deven op cit p 262.

¹⁰ The OECD finding that parental leave appears to increase average productivity, is tempered by its observation that these results are somewhat sensitive to the empirical specification used and at least some of the productivity impact of parental leave in some countries can be explained by composition effects. OECD Employment Outlook 2007 http://www.oecd.org/searchResult/0,3400,en_2649_201185_1_1_1_1_1,00.html

5.6 From our daily work with employers of all sizes and across a wide variety of industries, it is clear that for all but the largest and best-resourced employers, the financial capacity to pay two salaries — one for the absent employee and one for the temporary replacement (or the productivity loss) —in addition to the on-costs is not a viable business proposition.

6. Small Business

6.1 A further factor to consider in deciding who pays for parental leave is the impact this will have on small business. Most Australian employers are small; over 95% employ less than 20 people; 84% employ less than 10. Just under half of the workforce is employed in small organisations (less than 20 employees).¹¹

6.2 In a small business, a single employee can account for 20% to 50% of turnover. In a medium-sized business, an employee can occupy a pivotal position in the workforce, or in relation to a particular job or project. Their absence from the workplace is the result of circumstances over which the employer has no control - the pregnancy of the staff member or the partner of the staff member.

6.3 The vital role of each employee in the success or failure of a small business is well expressed by Professor Blandy:

¹¹ Extract from Professor Richard Blandy *Small Business The Untold Story* In Business University of South Australia School of Management Issue No. 34 - April/May 2007. See endnote for details.

“Every member of a small business comes into razor sharp focus to his and her fellow workers – both as a human being and as a contributor to the group’s collective survival and prosperity. The only way forward in a small business is for all involved to be committed and to do their utmost. It is impossible to run a successful small business by bureaucratic rules and regulations. Life in a small business is risky but real – a life of shared endeavours, joys and sorrows, triumphs and disasters.”¹²

- 6.4 Small business employers and employees do make the accommodations best suited to the family and business circumstances they face; arrangements are made which reflect mutual dependence and the requirements of both parties. However, small businesses are especially unable to cope with parental leave absences let alone employer-funded paid parental leave. The Commission would no doubt be surprised at the number of small businesses which start to worry in the last quarter of (typically) each calendar year how they are going to be able to afford to pay their employees’ annual leave at the end of the year.
- 6.5 The *Parental leave in New Zealand 2006-07 Evaluation* points to the particular difficulties faced by small employers¹³
- 6.6 This is a group which is deserving of regulation that supports their commercial interests, rather than subjecting them to the regulatory imperatives of social policy reform.

¹² op cit

¹³ <http://www.dol.govt.nz/PDFs/research-parental-leave-evaluation2005-06.pdf>

7. Maintaining Attachment to the Workforce

Education and skill levels are the key to job and income protection

7.1 If the objective of a paid parental leave scheme is the retention of women in the workforce and the maintenance of their earnings levels over a working life, a key area to address is their qualification and skill levels. It has been well established that women with higher levels of education and skills are more likely to return to work and remain in the work force.¹⁴

7.2 As the Issues Paper indicates, the presence and age of children have a direct impact on women's income and employment, and even countries with the most generous welfare entitlements for mothers over lengthy periods of time have not been able to counter this effect. The inescapable fact remains that women's education skill and experience levels have the greatest impact on both job security and income levels, with or without children¹⁵, and payment for time out of the workforce, whilst meeting other social needs, does not enhance their overall employability or income levels.

¹⁴ Social Research Policy Paper 30 Department of Families, Community Services and Indigenous Affairs, OECD 2001 op cit

¹⁵ As OECD Employment Outlook 2002 observes, higher education attainment significantly increases women's employment whether or not they have children and lends support to the policy conclusion that family friendly policies are not the only relevant policy area for governments wishing to raise female employment and income. p 81

7.3 Whilst short periods of leave (paid and unpaid) have been associated with higher employment rates, long periods of maternity leave have been found to lead to detachment from the labour market, lower employment rates and earnings for mothers in the long term. Paying maternity leave may increase women's overall employment levels (by attracting more women into the labour force) and return to work rates, but it would seem that this effect is strongest for shorter periods of leave, may not hold in the longer term, and that lengthier leave has the effect of reducing relative wage levels.¹⁶ Nor is it a guarantee that returned mothers will remain in the workforce, particularly after the birth of second or subsequent children. The exception appears to be in Sweden, which continues to have high levels of occupational segregation.¹⁷

7.4 The most commonly identified reasons for lower earnings for women with children are:

- Fewer years in employment
- Shorter hours due to part-time work
- Lost experience

¹⁶ The Gender Pay Gap Origins and Responses EU Commission 2006 page 38
http://ec.europa.eu/employment_social/publications/2006/ke7606200_en.pdf

¹⁷ Statistics Sweden Women and Men in Sweden Facts and figures 2006 page 63-64
http://ec.europa.eu/employment_social/publications/2006/ke7606200_en.pdf

A comment on international comparisons

- 7.5 If genuine debate about Australia's provisions for parental leave compared with other countries is intended, the complete picture of tax regimes, welfare expenditure and transfer payments to women with children along with fertility rates and women's labour market performance should be described.
- 7.6 As any number of observers have shown, apart from differences in economic circumstances, there are not only major differences between countries in ideas about individual responsibility, the welfare state and the family and state, but also differences over time within the same countries as political differences ebb and flow. However, even allowing for these differences, those countries with the world's highest levels of family and maternity expenditure have seen their fertility rates continue on a steady decline.¹⁸
- 7.7 Nor is any population homogenous in its attitude or needs when it comes to having children, as differing responses in these countries show. What overseas comparisons do show is that paid maternity leave, even when part of a much broader and integrated social welfare framework, such as the "nordic model", has not dramatically raised fertility rates, closed the wages gap or lessened occupational segregation. Women's earnings remain below those of men in all countries; and whilst employment rates for women in the nordic countries have always been above average, with or without children,

¹⁸

<http://www.eurofound.europa.eu/areas/populationandsociety/fertility.htm>
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/7E874EFF832BAB79CA25732C002072CF?opendocument>

these countries have among the highest levels of occupational segregation.¹⁹

- 7.8 There is clearly no one “holy grail” for maternity leave, family policy, fertility rates and achieving identical labour market profiles for men and women, and suggestions that Australia is lagging because we do not replicate paid parental leave models elsewhere is simplistic and misleading.

¹⁹ OECD Employment Outlook July 2002 Women at Work: who are they and how are they faring?. See also Sundstrom K Can governments influence population growth? OECD Observer Dec 4 2001; EU equality between women and men:
http://epp.eurostat.cec.eu.int/cache/ITY_OFFPUB/KS-NK-05-004/EN/KSNK-05-004-EN.PDF
<http://www.eurofound.europa.eu/eiro/2007/08/articles/eu0708049i.htm>
http://ec.europa.eu/employment_social/publications/2006/ke7606200_en.pdf
<http://www.eurofound.europa.eu/eiro/studies/tn0612019s/tn0612019s.htm>

Notes

Extract from Professor Richard Blandy *Small Business The Untold Story In Business* University of South Australia School of Management Issue No. 34 - April/May 2007

<http://www.in-business.com.au/magazine/issue-34/Small+Business+%5BThe+Untold+Story%5D/1543>

In June 2006, there were nearly two million businesses in Australia. Their size distribution is presented in Table 1, below.

Table 1: Employment Size Distribution of Australian Businesses, June 2006

Firm Size (in terms of employees)	Number of Businesses	Percent (%)
No employees	1,156,326	58.9
1-4 employees	494,196	25.1
5-19 employees	227,373	11.6
20-199 employees	80,215	4.1
200 + employees	5,797	0.3
All Sizes	1,963,907	100.0

Source: ABS, Counts of Australian Businesses, Including Entries and Exits, June 2003 – June 2006, Canberra, 26 February 2007, cat. no. 8165.0.

As Table 1 shows, 58.9 per cent of Australian businesses are operated solely by the principals of the business (mostly sole operators). The ABS defines Small Business as businesses employing fewer than 20 persons. As Table 1 shows, 95.6 per cent of Australian businesses fall into this category. The ABS defines Small and Medium Business as businesses employing fewer than 200 persons. As Table 1 shows, 99.7 per cent of Australian businesses are SMEs.

The big firms (with 200 or more employees) employ much more than 0.3 per cent of the total labour force, of course. Big firms employ about a quarter (26.0 per cent) of all the people at work in the private sector. Medium firms (20-199 employees) employ about a quarter (26.7 per cent), as well. Small firms (0-19 employees) employ (or use the services of) just under half (47.3 per cent) of all the people at work in the private sector. So, even if one looks at where people are employed rather than the numbers of firms in each size category, SMEs (firms employing fewer than 200 people) dominate the economic landscape. SMEs employ three quarters of everyone at work in the private sector in Australia.

ATTACHMENT A

Leave Table		
Leave Type	When / How it's Taken	Leave Entitlement (Days)
Public Holidays	Christmas Day	1
	Boxing Day	1
	New Year's Day	1
	Australia Day	1
	Good Friday	1
	Easter Saturday	1
	Easter Monday	1
	Anzac Day	1
	Queens Birthday	1
	Labour Day	1
	Additional Day - picnic day, race day, show days etc	1
Personal / Carers Leave (WR Act)	When the individual suffers an illness/injury that prevents them from attending work. When a member of the individual's immediate family or household suffer an illness/injury that requires care or support.	10
Annual Leave	For the purpose of the employee having an annual holiday	20
Compassionate Leave	On the death of a member of the individual's immediate family or household. Or when a member of the individual's immediate family or household suffers a life threatening illness or injury	2 days (taken as a single unbroken period, 2 periods of 1 day or any separate periods that are agreed to)
TOTAL		40 – Definite Days 1 - Additional Public Holiday 2 days x as many incidents as warrant compassionate leave

Example – A full time employee receives every public holiday per year plus an additional day under their award (Clerical) (11 days). The employee contracts the chicken pox and uses their entire personal/carers leave entitlement (10 days). The employee's father suffers a heart attack and is hospitalised in a critical condition so the employee takes 2 days compassionate leave (2 days). A week later the employee's father suffers another heart attack and dies. The employee again access 2 days compassionate leave (2 days). Over the Christmas period the employee accesses their entire annual leave entitlement (20 days).

The total leave taken by this employee in a 12 month period is 45 days.