



## **Australian Education Union**

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

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## INTRODUCTION

The Australian Education Union (AEU) represents approximately 190,000 members employed in public primary, secondary and special schools and the early childhood, TAFE and adult provision sectors as teachers, educational leaders, education assistants or support staff across Australia.

The AEU shares the position of the World Health Organisation and the International Labour Organisation and, until very recently, of the Abbott Government, that a minimum of 26 weeks of paid parental leave, at replacement wage, be provided to primary care givers of newborn babies in order to promote maternal and child health, facilitate a successful return to work for new mothers, promote gender equity in the workplace and to minimise the financial burdens on young families. The *Fairer Paid Parental Leave Amendment Bill 2015* cuts across these important public policy principles and should be rejected.

The AEU has actively pursued Paid Maternity Leave and Partner Leave arrangements with employers on behalf of our members for decades. We, alongside other unions, community groups and feminist organisations, also actively campaigned for the Commonwealth Paid Parental Leave Scheme to provide some paid leave for all women and to move closer to the 26 week goal for many of our women members.

We consider the use of both schemes together, in the way they were designed, to be effective public policy, and small steps towards gender equity in the workplace. Indeed, the 2014 review of the Commonwealth PPL Scheme in its current form, found that it had “a clear effect of delaying mothers’ return to work up to about six months after the birth of their baby, and then slightly increasing their probability of returning to work before the baby’s first birthday<sup>1</sup>”.

The AEU is concerned that the *Fairer Paid Parental Leave Amendment Bill 2015*, if passed into law, will have the following impacts on our members:

- Force women to return to work before they or their babies are ready,
- Reduce the rates of babies being exclusively breastfed for the first 26 weeks, as recommended by the World Health Organisation,
- Put additional financial pressure on young families,
- Increase the challenge of attracting young men and women into teaching in key skills shortage areas,
- Fundamentally change PPL from an industrial entitlement aimed at boosting women’s participation in the workplace to a welfare safety net provision,
- Undermine women’s participation and gender equity in the workplace.

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<sup>1</sup> University of Queensland, Institute for Social Science Research, PPL Evaluation Final Report, November, 2014 Available: [https://www.dss.gov.au/sites/default/files/documents/03\\_2015/finalphase4\\_report\\_6\\_march\\_2015\\_0.pdf](https://www.dss.gov.au/sites/default/files/documents/03_2015/finalphase4_report_6_march_2015_0.pdf)

## **Current access to employer provided PPL**

Most AEU members working in permanent or contract positions are eligible for 14 weeks employer paid maternity leave, provided they meet certain eligibility requirements, such as length of time with the employer. Casual employees in the education sector and those with short term or interrupted contracts are not currently entitled to employer provided paid maternity leave. A small group of AEU members on short term contracts are not eligible for either employer provided PPL or the Commonwealth scheme because they fail the 8 week work test requirement. For example, some schools finish contractors in November when their year 12 students finish and require their year 12 teachers to teach these classes. The contractor may then be out of work until they can get a new contract when the school term starts in February the next year, making them ineligible for the Commonwealth PPL.

The AEU's policy position is that all employees should be entitled to a minimum of 26 weeks paid parental leave at their current wage for the primary carer of a newborn child, including for children who are adopted or cared for via the foster care system. We also support dad or partner leave provisions.

The percentage of public education employees taking paid maternity leave or parental leave at any given time is relatively low. The Productivity Commission estimated the likelihood of a single employer in the Education industry experiencing a family leave event as around 2%<sup>2</sup>. This is because the education workforce is aging and because young teachers are more likely to be in casual employment or short term insecure contracts than older teachers. For example, in 2010 less than 50% of Australian teachers, aged 25 and under were in ongoing employment<sup>3</sup>.

Measured over the course of a teacher's working life 14 weeks employer paid leave plus the Commonwealth PPL of 18 weeks at the minimum wage represents a small investment in the productivity of a female teacher. The average time that a teacher remains at the same school is 8 years for primary school teachers and 9 years for secondary teachers. The average primary teacher working today had been teaching for 16.1 years and secondary teacher for 17.3 years.<sup>4</sup> Given the small percentage of staff accessing the entitlement at any given time, this is a strong return on government investment in highly skilled professional women engaged in work of great social benefit.

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<sup>2</sup> Productivity Commission Inquiry Report: Paid Parental Leave: Support for Parents with Newborn Children, No. 47, 28 February 2009, Business Impacts, Table 7.1, p 7.5

<sup>3</sup> McKenzie, P, Weldon, P, Rowley, G, Murphy, M, McMillan, J. 2004. *Staff in Australian Schools: Main Report on the Survey*. Melbourne: Australian Council of Educational Research, table 5.1, p 43

<sup>4</sup> McKenzie, et al 2004. p 79.

## Commonwealth PPL as a *supplement* to employer provided PPL

Access to employer provided Paid Parental Leave entitlements are the result of years of advocacy and bargaining by AEU members including school principals. The first record of paid parental leave being paid to teachers in Australia can be found in NSW's Educational Gazette on September 1, 1937<sup>5</sup>. The last state to provide Paid Parental Leave to public school teachers was Tasmania where, in 2002, primary carers won access to 12 weeks paid maternity leave. The AEU campaigned with the ACTU, women's groups and employer groups to bring Australia into line with the vast majority of developed countries, and some developing countries by introducing a universal scheme in 2011. Our support for the scheme was based on it supplementing current arrangements for our members and for all working women who have negotiated workplace provided leave with their employer.

The Federal Paid Parental Leave Act 2010 clearly states: "*the financial support of this Act is intended to complement and supplement existing entitlements to paid or unpaid leave in connection with the birth or adoption of a child*". Most of our members would need the combination of their employer based Maternity Leave PLUS the Commonwealth PPL PLUS their own annual leave in order to care for, bond with and exclusively breastfeed their babies in the critical first 26 weeks.

**Case Study:** Sara teaches maths in a Secondary School in Western Sydney earning \$68,881 per annum. She has an accumulated Higher Education Debt of \$23000 and she and her partner pay rent of approximately \$2000 per month for a 2 bedroom apartment while also attempting to save for a deposit on a home. She is entitled to 14 weeks paid parental leave at full pay under the Crown Employees (Teachers in Schools and Related Employees) Salaries and Conditions Award 2014. Sara is currently able to take 18 weeks Commonwealth PPL in conjunction with 18 weeks of half pay employer provided maternity leave to get close to normal salary to meet her financial obligations. She can then take the last five weeks of employer funded leave at full pay. This will provide her with 23 weeks leave at full pay, just short of the 26 weeks recommended by the World Health Organisation. Under the *Fairer Paid Parental Leave Bill 2015*, Sara would be forced to return to work when her baby is 14 weeks old.

## Early return to work

The Explanatory Memorandum to the *Fairer Paid Parental Leave Bill 2015* states that the bill would remove access to the Commonwealth Paid Parental Leave Scheme for those who have "sufficient access to employer-provided parental leave or similar payments." This is further defined in the Memorandum as anything "in excess of the total amount of parental leave pay under the Paid Parental Leave scheme". As most AEU members' employer provided maternity leave is greater than the Commonwealth scheme, this would make our full time members ineligible for the Commonwealth PPL and significantly reduce the amount available for our part time members and for our lower paid members, such as Integration Aides and Education Support Staff. The *Fairer Paid Parental Leave Bill*, if passed into law

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<sup>5</sup> Bozik, M. 2014, Baby Steps in *Australian Educator*, Issue 84, AEU: Melbourne

will effectively cut short the maternity leave of these women, forcing many back to work before they are ready.

The AEU does not accept that 18 weeks at the federal minimum wage is a “sufficient” scheme. Australian and International health experts nominate 26 weeks as the minimum time that mothers should spend bonding with and exclusively breastfeeding their babies. There is a wealth of research into the public health benefits of allowing women to breast feed for the recommended period as well as research indicating a close correlation between return to work after maternity leave and breastfeeding<sup>6</sup>. The Coalition’s previous Paid Parental Leave proposal recognised this body of research<sup>7</sup>. No new research has emerged to counter this body of evidence or justify this policy change.

Early return to work after childbirth can have long term impacts on health and wellbeing. The Productivity Commission Inquiry’s *Paid Parental Leave: Support for Parents with Newborn Children* identified the promotion of child and maternal health as one of the strongest reasons for supporting a paid parental leave scheme. They also recognised the potential harm to women of an early return to work, stating:

*Maternal recovery can be prolonged and an early return to work may increase the risk of depression and anxiety. On maternal recovery grounds, the length of absence from work should be no less than 12 weeks and potentially up to six months.*

The review of the Commonwealth PPL scheme, has found that it has met its policy aim of increasing the percentage of women staying home following childbirth to 26 weeks<sup>8</sup>. We do not accept that our members should have to go backwards, while the vast majority of OECD countries increase their provision of paid parental leave in line with the realities of modern life<sup>9</sup>.

## **Gender equity**

Public education sector workers have traded off increased pay and conditions for paid parental leave. By removing access to the Commonwealth PPL, the Government would effectively be removing the benefit of those hard won entitlements, directly attacking the pay and conditions of our members. The loss of entitlements would be most strongly felt by our women members, who are more likely to carry the burden of care for newborn babies, compounding gender disadvantage in the workplace.

Time out of the workforce to raise children casts a long shadow over women’s economic wellbeing resulting in reduced wages over their lifetime and lower superannuation savings. It

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<sup>6</sup> Australian Institute of Family Studies, Sub 138, Submission by the AIFS to the Productivity Commission Inquiry Into Paid Maternity, Paternity and Parental Leave, 2008

<sup>7</sup> The Coalition’s Policy for Paid Parental Leave, August 2013, <http://www.appa.asn.au/election2013/Coalition-policy-for-paid-parental-leave.pdf>

<sup>8</sup> University of Queensland, Institute for Social Science Research 2014

<sup>9</sup> OECD Family database: [www.oecd.org/social/family/database.htm](http://www.oecd.org/social/family/database.htm)

is, in part, responsible for the situation in a great many schools where the majority of teachers and support staff are women but the majority of leaders are men<sup>10</sup>. The ABS has identified a gender pay gap of 11.8% in the Education industry and that this figure is growing.<sup>11</sup> If the industrial arrangements that allow women to transition back into employment after childbirth are removed, then this economic disparity is likely to continue growing.

There is a strong correlation between PPL and remaining in employment, particularly for low paid women<sup>12</sup>. At the individual level, the inability to remain in employment sets women on a trajectory of overall low wages and increased risk of poverty in old age. At the national level, Australia's low level of female workforce participation relative to other countries impacts the economy through loss of access to skilled workers and lack of return on investment for the education of women. The expert review of the PPL scheme found that it was successful in increasing the amount of women returning to employment after maternity leave.

The Productivity Commission measured workplace attachment as a rationale for PPL. It found evidence to support the premise that a statutory paid leave scheme on top of current employer provided arrangements would “*maintain their link to the labour market*” and could “*increase the average Australian women's lifetime employment by around half a year.*”<sup>13</sup>

**Case Study:** Jenny is an Integration Aide at a Victorian Primary School earning \$41,397 per annum. She is entitled to 14 weeks paid Maternity Leave under the Victorian Government Schools Agreement (VGSA) 2013 worth \$11,107. Jenny is currently able to take this, plus the 18 weeks leave paid by the Commonwealth PPL at slightly under her normal wage, giving her 32 weeks with her new baby. Under the *Fairer Paid Parental Leave Bill 2015*, Jenny would receive \$393 of Commonwealth PPL money, representing a loss to the family income of over \$11000.

## Attracting young teachers

Paid parental leave is an important tool for attracting and retaining skilled women workers, particularly in the school sector. Analysis of graduate incomes suggests that over the course of their career, teachers are not well paid relative to most other university educated professionals<sup>14</sup>. In addition, graduate teachers enter the workforce with Higher Education debts of approximately \$18000 to \$30000 depending on their area of study<sup>15</sup>. Many are struggling to enter the property market.

A study of teacher education across three major Australian universities found that students enrolled in these programs believe that teaching offers low pay and status, relative to other graduate careers, and that “personal utility values” including “time for family” and “job

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<sup>10</sup> McKenzie, et al 2004. p 70.

<sup>11</sup> ABS (2015) *Average Weekly Earnings, Australia, Nov 2014*, cat. No 6302.0 viewed 26 February 2015, <http://www.abs.gov.au/ausstats/abs@.nsf/mf6302.0> cited in Workplace Gender Equality Agency, [https://www.wgea.gov.au/sites/default/files/20150226\\_MR\\_GenderPayGapRecord.pdf](https://www.wgea.gov.au/sites/default/files/20150226_MR_GenderPayGapRecord.pdf)

<sup>12</sup> Productivity Commission, 2009, Appendix G, Paid Parental Leave and Return to Work, p G.1

<sup>13</sup> Productivity Commission, 2009, Chapter 5, The Labour Market Impacts of Paid Parental Leave, p 5.1

<sup>14</sup> Productivity Commission, 2012, *Schools Workforce*, Research Report, Canberra, p.111

<sup>15</sup> Studyassist.gov.au

security” are considerable motivating factors for their pursuit of teaching as a career. These factors came second only to what the researchers described as “social utility values” which included the desire to “enhance social equity, make a social contribution and work with children/adolescents<sup>16</sup>”.

Education is an ageing profession relative to the broader workforce and recruiting skilled young people into the field, particularly in specialist areas is an ongoing challenge. The Productivity Commission has identified that:

*an expected increase in age-related exits from the workforce over the coming two decades is one of the challenges confronting policymakers<sup>17</sup>.*

There are significant and growing teacher shortages in primary schools in the areas of Languages other than English and Special Education. At secondary level, schools struggle to attract enough teachers of mathematics, science and technology as well as Languages other than English. There are also challenges in filling positions in remote and rural communities and in so called “hard to staff” schools<sup>18</sup>. The Association of Secondary School Principals has described the situation as a “teacher supply crisis” and claim that the situation is worse than published reports indicate:

*Registration data is invariably dated, inaccurate and thus unreliable. There are critical curriculum areas not even represented. For schools in hard to staff areas the situation is at crisis point. There are simply no teachers willing or able to be appointed<sup>19</sup>.*

By removing access to the Commonwealth PPL for teachers, the Government will be eliminating or heavily reducing the value of employer provided PPL, thus removing a valuable recruitment tool for attracting young teachers, at a point where recruitment of young teachers is becoming critically important public policy.

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<sup>16</sup> Richardson, P. & Watt, H. *Who Chooses Teaching and Why?* in Asia-Pacific Journal of Teacher Education Vol. 34, No. 1, March 2006, p 27–56

<sup>17</sup> Productivity Commission, 2012, p 55

<sup>18</sup> McKenzie et al. p 128

<sup>19</sup> Association of Secondary School Principals, Policy on Teacher Supply and Demand, Available: [http://www.aspa.asn.au/index.php?option=com\\_content&view=article&id=35:policy-teachers-supply-and-demand-in-australian-schools&catid=16:policies-and-statements&Itemid=37](http://www.aspa.asn.au/index.php?option=com_content&view=article&id=35:policy-teachers-supply-and-demand-in-australian-schools&catid=16:policies-and-statements&Itemid=37)

## From productivity policy to welfare policy

It is no accident that those countries with very high participation of women in the workforce, also pursue policies that normalise parenting and work. One of the aims of the Commonwealth PPL was to:

*provide a strong signal that having a child and taking time out for family reasons is viewed by the community as part of the normal course of work and life for parents in the paid workforce<sup>20</sup>.*

The *Fairer Paid Parental Leave Bill*, punishes those employers who have provided conditions that allow workers to balance parenting and work, by removing the Commonwealth entitlement from their employees only, and offering nothing in return. The bill also removes the paymaster function of the employer, a function that is already bedded down in industries, and which has attracted little complaint from employers or their representatives. This takes Paid Parental Leave further away from the workplace and makes working women recipients of payments from the Department of Human Services. Rather than sending a signal that parenting and work can coexist, this sends a broad signal that paid parental leave is a welfare provision.

In recommending the design of the current Commonwealth PPL, the Productivity Commission was mindful of ensuring that the scheme had a workplace participation focus, rather than a welfare focus, stating:

*A common view, reflected in the Commission's recommendations, was that paid parental leave should, as far as reasonably possible, be structured like other normal leave arrangements, such as those for recreation, illness and long service, rather than being seen as a social welfare measure<sup>21</sup>.*

However, the Commission were also aware of the potential of employers to discriminate against women of child bearing age if a new scheme were introduced too quickly to employers who had thus far ruled it out as too challenging. The resulting hybrid scheme wherein women who had secured workplace entitlements received some contribution from their employer and some from the Commonwealth and the employer acted as paymaster, maintains the important policy signal that PPL is a workplace productivity issue, and not part of the welfare system.

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<sup>20</sup> Productivity Commission, 2009, p 259

<sup>21</sup> Ibid



## **Conclusion and recommendations**

The *Fairer Paid Parental Leave Bill 2015* is not supported by the findings of the expert evaluation of the Paid Parental Leave scheme, nor by the Productivity Commission recommendations for its design, nor by current Australian or International research. It does not reflect the growing demands of Australians for policies that allow both men and women to enjoy work and family life. It goes against the trend of other OECD countries who are expanding rather than shrinking paid parental leave provisions. It is an attempt to resolve a short term budget problem at the long term expense of Australian women workers, their babies and the broader economy. It represents poor public policy and should be rejected.

Beyond the rejection of this bill, the Commonwealth Government should, in consultation with experts and stakeholders, commence work on enhancing the provisions of the Commonwealth Paid Parental Leave scheme to bring it closer to best International practice including:

- 1) Employer provided “top-up” to bring the current 18 week PPL Scheme to replacement wage level.
- 2) Employer provided “top-up” of the 2 week Dad and Partner Leave Scheme to replacement wage level. This should be provided on a “use it or lose it” basis to encourage dad and partner participation in child care.
- 3) Employer provided superannuation at replacement wage levels for the period of paid parental leave for both schemes.
- 4) A relaxation of the Work Requirement Test for the Commonwealth PPL scheme for women in established patterns of seasonal work.
- 5) The Inclusion in the National Employment Standards of a base level of employer provided paid parental leave to supplement the Commonwealth PPL.