



FACT SHEET 2008

Paid Maternity Leave

Paid Maternity Leave: A New Employment Standard in 2009

Paid parental leave is important because it provides:

- Time for a mother to recover physically from the birth and bond with her baby
- Replacement of a mother's income to assist her to take time off paid work to look after her newborn baby
- Better health and development of babies including promotion of breastfeeding;
- Increased opportunity for fathers to bond with and care for their baby
- Financial support to families around the time of birth of a baby
- Assistance to mothers to maintain long-term attachment to the workforce; and
- Equity for women through the right to paid leave from employment for child birth.

The ACTU Paid Maternity Leave Model

The ACTU proposes a national, Federal Government-funded maternity leave scheme of at least 14 weeks, paid at federal minimum wage rates plus 9% superannuation for all women including those who don't work. Employers would contribute a top-up payment to fully replace the income of working women who earn more than the minimum wage.

Fourteen weeks paid maternity leave is a basic human right which conforms to international standards in accordance with ILO Convention 183 and World Health Organisation recommendations regarding breastfeeding and bonding between mother

and child.

Employers would be required to top up the maternity leave payment to cover any income gap. Income replacement should be at an employee's ordinary time earnings. This requirement should be included in the federal government's National Employment Standards. This model would be inexpensive to government and employers and simple to administer.

Benefits to the economy

Australia has one of the lowest levels of workforce participation for women aged between 25 and 44 in the OECD. We are ranked 23 out of 24 OECD nations.

If more women are in the workforce this puts downward pressure on inflation and improves productivity by increasing the labour supply at a time of serious skills shortages.

According to employers, the cost of replacing staff - including recruitment and skills acquisition - appears to be at least \$10,000, and more for higher salary/skilled areas.

Overseas experience shows that women with paid maternity leave are more likely to return to work (up to 90%) than those without, giving employers a real saving on the bottom line.

Currently two thirds of Australian working women have no paid maternity leave.

Australia and the United States are the only two OECD countries that do not offer paid

maternity leave.

Without a government-funded scheme, paid maternity leave in Australia has been left to individual employers with wildly varying results.

Currently two thirds of Australian working women have no paid maternity leave.

Most women who get paid maternity leave are already on higher pay in white collar jobs in the public sector or in large companies.

Only 8 per cent of women in the low-paid retail and hospitality industry receive some form of paid maternity leave.

In addition, eligibility criteria often exclude employees with less than 12 months service (24% of women of child bearing age) and the significant number of women working as casual employees.

The need for a statutory paid maternity leave scheme

Without a statutory paid maternity leave scheme, low paid women workers will continue to receive no financial support to take leave to have a baby.

The Productivity Commission's Inquiry into Paid Maternity, Paternity and Parental Leave must recommend as a matter of urgency that the government take action on behalf of Australian families, and mothers in particular, and implement a paid maternity scheme.

You can help campaign to finally deliver paid maternity leave to Australian women and be part of a momentous historical achievement.



Case studies

1. A mother not in the paid workforce receives the government-funded maternity leave scheme of 14 weeks paid at federal minimum wage rates plus 9% superannuation.

This is a total payment of about \$569.11 gross per week or \$7,970.00 per annum including super. This amount is greater than the \$5,000 baby bonus but is however subject to income tax.

2. Working women would be entitled to 14 weeks paid maternity leave on full ordinary time earnings with employers required to provide the top up amount.

For example, a working mother earning \$800.00 per week would be entitled to the \$569.00 per week government contribution

(including super) plus an employer contribution of \$239.00, a total of \$808.00 per week.

3. The 14 week paid maternity leave would be on top of any existing paid maternity leave entitlements belonging to an employee.

For example, where a working mother earning \$800 per week is already entitled to 14 weeks paid maternity leave at ordinary time earnings and 15% super, the new scheme would provide an additional 14 weeks paid maternity leave, taking the total amount of paid leave to 28 weeks.

The original entitlement remains unchanged. The new scheme would provide an additional government component of 14 weeks at the minimum wage plus 9% super.

In another example, a working mother earning \$800 per week is already entitled to

eight weeks paid maternity leave at ordinary time earnings and 15% super. The new scheme would provide an additional six weeks paid maternity leave at the full ordinary earnings and a further eight weeks at the government minimum, taking the total amount of paid leave to 22 weeks.

Employers already providing paid maternity leave will only be required to top up a total of 14 weeks paid maternity leave to ordinary time earnings.

4. Employees will be able to bargain for additional paid maternity leave.

For example, employees already receiving an entitlement may request that the employer provides top up to full ordinary time earnings for the total amount of leave including the new government-funded component.

Or employees may seek to extend the amount of paid maternity leave.

Key campaign dates

Release of Productivity Commission Draft Report
Productivity Commission Public hearings for Draft Report
Productivity Commission Final Report

September 2008
November 2008
28 February 2009

