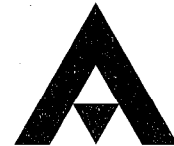


29 May 2008

Mr R. Fitzgerald AM  
Commissioner  
Parental Leave Inquiry  
Productivity Commission  
GPO Box 1428  
CANBERRA CITY ACT 2601

Business  
Council of  
Australia



Dear Commissioner

### **PARENTAL LEAVE INQUIRY**

The Business Council of Australia (BCA) is an association of Chief Executives of 100 of Australia's leading companies. These companies are major contributors to Australia's economy, employing nearly one million Australians and accounting for over 30 per cent of Australia's exports. Accordingly, the BCA has a substantial interest in the health of Australia's economy and policies that promote sustained growth and prosperity. The BCA is pleased to make the following submission to the Commission's inquiry on parental leave, believing that work-family issues are integral to Australia's future economic and social prosperity.

The BCA has previously published papers that highlight the need for Australia to maintain the level of workforce participation if living standards are not to decline as the population ages. It has drawn attention to the barriers that exist for those groups of working age currently under-represented in the workforce. One of the largest such groups is women of child-bearing age who typically find the costs of workforce participation too high and the difficulties of juggling parenthood and work excessive. Thus we believe that as a society we need to find ways that make their workforce participation easier. Financial security and the capacity to plan ahead financially are critical. It is well accepted that access to paid maternity leave, together with reasonably priced and quality childcare, support for breastfeeding and flexible work arrangements, including carer's leave, are part of the patchwork of policies needed to support effective and willing participation by women with family aspirations or responsibilities in the workforce.

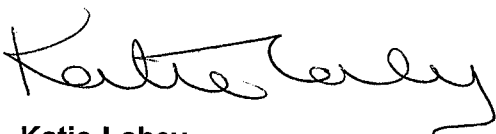
In recognition of this and the increased financial need experienced by many lower and middle income groups to continued dual incomes as the cost of living and housing increases, we support proposals such as the introduction of a universal federally-funded income replacement scheme to enable all Australian women to have 14 weeks paid absence from work after the birth of a child, with access to continued unpaid leave up to 12 months. The payment should be made at the minimum wage, with voluntary top-ups to actual wage rates as employers agree.

This acknowledges both the social benefits to Australia of supporting women to have children and disadvantage they incur in bearing the costs solely themselves and the health benefits that flow from a period of absence from work for both mothers and infants. We note the research which suggests that infant mortality is reduced inversely with absence from work of mothers and the positive benefits to childhood development that flow from stronger relationships between mothers and infants and prolonged breastfeeding. In the light of the current policy attention directed to improving early childhood development opportunities, supporting the introduction of a paid universal scheme is a necessary first step. Universality, too, recognises that although some 40% of women in the workforce have access to some paid maternity leave, those that typically do not are the lower paid and those employed casually. Review of the incidence of infant mortality rates and entrenched disadvantage around education and employment suggests that these are the groups most at risk and thus consistent with our common aim to see social prosperity spread, paid income replacement for these women is essential.

Many large corporate and public employers already provide paid and unpaid parental leave. In a survey undertaken in 2003 of its Members, the BCA found that over 70% of respondent companies provided paid maternity leave (on average some 6-7 weeks) and paternal leave (on average one week), together with a range of other work-family supportive policies. This survey has recently been updated and the results of this will be provided within a month. Some might argue then that by introducing a tax-payer funded scheme, employer dollars are being substituted. We would argue that despite the increase in costs associated with a longer period, the Commission and Government should encourage any 'savings' to be invested in extending the various support for working mothers. For example, child care and breast-feeding facilities are both seen as high priorities for mothers. To the extent that employers have already recognised the importance of work-family policies in attracting and retaining staff and in encouraging good morale and higher productivity, it is unlikely that these 'savings' will be re-directed.

There is widespread acknowledgment of the need to boost participation in the workforce from currently underrepresented groups in the working age population and one of the largest such groups is women of child-bearing age. Employers and governments alike should be seeking to ensure that both work and a family is possible.

Yours sincerely



**Katie Lahey**  
**Chief Executive**